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# ORGANIZED CRIME: 25 YEARS AFTER VALACHI

## HEARINGS

BEFORE THE

PERMANENT
SUBCOMMITTEE ON INVESTIGATIONS

OF THE

## COMMITTEE ON GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

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APRIL 11, 15, 21, 22, 29, 1988

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# ORGANIZED CRIME: 25 YEARS AFTER VALACHI

MONDAY, APRIL 11, 1988

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 10:05 a.m., in room SH-216, Hart Senate Office Building, Hon. Sam Nunn, Chairman of the Subcommittee, presiding.

Present: Senators Nunn, Glenn, Chiles, Sasser, Mitchell, Roth, and Cohen.

Staff present: Eleanore J. Hill, Chief Counsel; John F. Sopko, Deputy Chief Counsel; Harriet J. McFaul, Counsel; Richard A. Dill, Detailee/FBI; Leonard A. Willis, Investigator; Kathleen A. Dias, Executive Assistant to the Chief Counsel; Mary D. Robertson, Chief Clerk; Cynthia Comstock, Staff Assistant; David B. Buckley, Investigator; Alan Edelman, Counsel; Harold B. Lippman, Investigator; Marilyn H. Munson, Secretary; Daniel F. Rinzel, Minority Chief Counsel; Barbara Kammerman, Minority Deputy Chief Counsel; Stephen Levin, Counsel; Karen Nye (Senator Chiles); Steve Ryan (Senator Glenn); Rick Goodman (Senator Pryor); Pat Butler (Senator Stevens); Kathy Gerlach (Senator Chiles); Anita Jensen (Senator Mitchell); Rosemary Warren (Senator Sasser); John Belferman (Senator Sasser); Debby Kilmer (Senator Chiles); Leonard Weiss (Senator Glenn); Marianne McGettigan (Senator Rudman); and Sean McAvoy (Senator Cohen).

Pursuant to Rule 5 of the Rules of Procedure of the Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, permission is hereby granted for the Chairman, or any member of the Subcommittee as designated by the Chairman, to conduct open and/or executive session hearings without a quorum of two members for the administration of oaths and the taking of testimony in connection with hearings on "Organized Crime: 25 Years After Valachi," to be held on April 11, 15, 21, 22, 29, 1988.

SAM NUNN,
Chairman.
WILLIAM V. ROTH, Jr.,
Ranking Minority Member.

## OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. The Subcommittee will come to order.

Twenty-five years ago this September, Joseph Valachi, also known as Joe Cago, testified before this Subcommittee. His unprecedented testimony gave Congress and the American people their first insider's view of a criminal organization that Valachi called La Cosa Nostra, or LCN, or, as Valachi explained, "our thing."

This morning, the Permanent Subcommittee on Investigations begins 5 days of testimony in the first of a series of planned hearings on the status of organized crime and the effectiveness of law enforcement's response to it, nearly 25 years after Valachi's historic public disclosures.

In 1963, Valachi told Senators in a packed Senate caucus room about the secret criminal cartel's illicit empire, its private armies, code of conduct, and ruling body known as the Commission. Gifted with a phenomenal memory for details, he gave valuable testimony that detailed not only the activities of this criminal conspiracy, but also its membership.

We have in our hearing room this morning the very charts with which Valachi identified the membership of the La Cosa Nostra family some 25 years ago.

Eleanore, I believe I am correct in pointing out that the charts are up on the far left.

Ms. HILL. That is correct.

Senator NUNN. Those are the charts that came from the hearings 25 years ago that were published by this Subcommittee at that time.

His expose culminated with charts showing the names and photographs of the members of the five largest LCN families operating in New York City. That testimony, coupled with the extensive work done by this Subcommittee under the chairmanship of the late Senator McClellan, profoundly affected not only our understanding of organized crime in America, but also how our Government was to respond to it during the years that followed.

Working with Attorney General Robert Kennedy, formerly the Chief Counsel of this Subcommittee, Senator McClellan highlighted the woefully inadequate law enforcement efforts against organized crime at that time. With the exception of a few police departments, such as that of New York City, there was no organized law enforcement response to the organized criminal. At the same time, little Federal attention was given to a problem which was widely held to be only of local concern.

This all changed after the appearance of Valachi. That testimony set in motion a series of important innovations that radically changed our approach to organized crime in this country. These included the establishment of the first field office of the organized crime strike force, an increase in the number of attorneys in the Justice Department's Organized Crime and Racketeering Section, and the enactment of important legislative proposals, including electronic surveillance, limited immunity, and the Racketeer Influenced and Corrupt Organizations Act, today known as RICO.

Today, 25 years after Valachi, the same Subcommittee commences a series of hearings intended to review the current status of organized crime in America. We will hear from a number of witnesses like Valachi, including former members of the La Cosa Nostra, who, from personal experience, can describe the relative strength of their organization after 25 years of nearly constant attacks by Federal and other State and local law enforcement agencies. The need for this type of review is in many ways more timely now than at any time in the last quarter century.

The recent series of successful prosecutions against the LCN hierarchy, starting in Cleveland in 1982 and continuing to date in New York City and elsewhere, has provided a glimmer of hope that our struggle against traditional organized crime may have turned the corner. And I say that very cautiously.

Some commentators have urged that this signifies the end of organized crime or at least the LCN. Others argue that successful prosecutions merely remove one hierarchy and replace it with another as powerful and sometimes even more vicious than the old.

Flushed with such success, I think it is important that our Government does not prematurely declare victory. I applaud these successes, yet at the same time I feel that it is necessary to evaluate closely the impact of these cases and, more importantly, the ability to transfer such tactics to other areas of organized criminal activity, particularly in the fields of labor racketeering, narcotics trafficking, and to emerging organized crime groups that may be as powerful as La Cosa Nostra in many instances. Those other aspects of organized crime and the adequacy of the Government response will be scrutinized by the Subcommittee in hearings later this year.

Two years ago, a majority of the members of the President's Commission on Organized Crime in their final report to the President called for a thorough assessment of the effectiveness of the Federal and local governments' response to organized crime. Admitting that they did not complete this important function, Commission members called on Congress to finish this task and in many ways laid the predicate for today's hearings. These hearings will closely review the need for any additional legislation to give our law enforcement officials new or better tools to fight organized crime.

At the same time, we intend to find out if Federal law enforcement, and particularly the Justice Department, is using effectively those tools we have already provided in the last 25 years. Particularly, we expect to hear testimony about new strategies employed by the FBI and the U.S. Attorney's Office for the Southern District of New York, which combine the use of civil RICO with a novel interpretation of the criminal enterprise theory.

We have been fortunate to have had the cooperation of many of the most important figures in the law enforcement community, some of whom will testify during the course of these hearings. In that regard, I want to express my appreciation especially to FBI Director William Sessions, and to assistant director, Oliver "Buck" Revell, for their cooperation and outstanding assistance to us during this inquiry. The FBI cooperation has been invaluable to us. We could not have these hearings without that splendid cooperation. We thank you for what you have done in making these hearings possible.

We also want to give particular credit to the General Accounting Office in the production of a series of Subcommittee charts, which we will unveil this morning, listing the hierarchy of the 25 LCN families in the United States, as well as the membership of the five New York City families. The GAO support and assistance here was very critical to the success of these hearings. So, to the General Accounting Office, we also say thank you.

The Subcommittee will be utilizing these charts throughout the hearings to graphically portray the size and structure of the LCN families. Interestingly, some of the same individuals who appeared only as soldiers on the Valachi charts, those 25 years ago in 1963, appear today among the very highest ranking powers in these same LCN families.

I guess the question for the future is whether 25 years from now the soldiers we show in the charts today will be the bosses at the turn of the century, the year 2000, or whatever 1988 plus 25 is. Senator Roth, you can add that up.

For years, law enforcement experts have emphasized that organized crime cannot long withstand the glare of notoriety and public disclosure. In his 1963 testimony before the Subcommittee, former Attorney General Kennedy stressed that an aroused, informed, and insistent public was one of the best weapons available to drive the criminal and racketeer into bankruptcy or prison. I happen to believe that is the case with narcotics today. That is the subject of another hearing, although we will get into that some. But public information, public awareness, public dedication, I think, are absolutely crucial to the fight that lies before us now in so many realms.

We believe that the charts we prepared for these hearings will help arouse and sustain public interest and vigilance in the fight against organized crime. At the same time, the Subcommittee is also aware of its equally important responsibility to insist on the utmost accuracy in identifying anyone as a member of La Cosa Nostra. In preparing these charts, the staff, assisted by the General Accounting Office, contacted numerous State, local, and Federal law enforcement agencies for assistance. This information was then combined with data developed by the Subcommittee in the preparation of the charts.

Prior to identifying publicly any individual as a member of La Cosa Nostra, the Subcommittee has insisted that certain strict criteria be met. First, that a major law enforcement agency or State or regional crime commission has advised that the individual meets their internal criteria for public identification, or for identification to another enforcement agency, depending on the practice of the individual agency; and that two or more of those agencies or reliable cooperating or undercover law enforcement sources have identified independently the individual in question as a member of the LCN.

Although the charts are quite extensive, other names were not included because they did not meet our strict criteria. So there are others that were not on this chart, will not appear in public because they did not meet what we felt were the requirements for public identification.

For instance, over 100 names of soldiers and several capos—these are the fourth in the rank of the hierarchy—were not included even though they met the internal criteria of at least one major law enforcement agency because they were not corroborated by a second source. So we have tried to be prudent as well as thorough.

As a result of this verification process, the Subcommittee feels confident that the charts and lists it has prepared for this hearing are the most accurate and complete public listing of La Cosa

Nostra members operating in the United States. At this point, I offer those charts as exhibits for the record, along with accompanying biographical data for identification purposes. I believe we will give these charts, in terms of this set of hearings, the numbers 1 to 26. So without objection, they will be made a part of the record.

[The documents referred to were marked Exhibit Nos. 1–26 and may be found starting on p. 746.]

Senator NUNN. For their assistance in preparing these charts, the Subcommittee would like to express its appreciation, as I have already done but will do again, to the FBI, the General Accounting Office, the Department of Labor, Office of Labor Racketeering, the New York City Police Department, the Broward County, Florida, Sheriff's Office, the New Jersey State Crime Commission, the Chicago Crime Commission, the Pennsylvania State Crime Commission, the Mid-Atlantic Great Lakes Organized Crime Law Enforcement Network, and the U.S. Attorney's Office for the Southern District of New York.

In closing, I would like to thank Senator Roth and the minority staff for their splendid cooperation and support during the course of this investigation. Minority chief counsel Dan Rinzel and minority staff counsel Stephen Levin have been extremely helpful to my staff throughout the almost year-long inquiry. This cooperation attests not only to the bipartisan nature of this hearing, but also to the bipartisan manner in which both Senator Roth and I have utilized the resources of this Subcommittee.

Senator Roth.

## OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Well, thank you, Mr. Chairman.

First, I would like to congratulate you and Eleanore Hill for continuing our war against organized crime. I think these are critically important hearings.

I am not going to read my statement, Mr. Chairman. I have a few comments I would like to make, but I would ask that the full statement be included in the record.

Senator NUNN. Without objection.

[The prepared statement of Senator Roth follows:]

### STATEMENT OF SENATOR ROTH

This morning the Permanent Subcommittee on Investigations begins another chapter in our continuing effort to investigate, expose and eliminate organized criminal groups. These secret criminal societies neither respect nor abide by the institutions and laws which govern this country. They recognize only the law of the jungle and respect only the wealth of ill-gotten gain. If these criminals could have their way, they would subvert our legal and economic systems; there would be no justice, and brute strength would be the law of the land.

When we first looked at organized crime in the Valachi hearings 25 years ago, we found that traditional organized criminal groups had gained an early foothold throughout this country. We knew then that it would require a massive effort on the part of law enforcement to overcome this early advantage and gain the upper hand in this struggle. These traditional criminal groups used intimidation and violence to create an atmosphere of fear. Then, with fear as their weapon, they dominated whole communities and seized control of entire industries, building an evil empire through a process which might be called a "hostile takeover." The President's Commission on Organized Crime estimated that, taken as a whole, this criminal conglomerate which we generally refer to as organized crime siphons $100 billion annually from our economy. And, in addition to draining our resources, the

strong-arm tactics limited our economic growth by deterring many legitimate business people from venturing into the industries controlled by these groups.

But, as we will find out during these hearings, the momentum has shifted. Law enforcement agencies, armed with new statutory tools and investigative techniques, have managed to stem the tide of traditional organized crime's growth in this country. Recent successful prosecutions of key traditional organized crime figures have left many of these families leaderless and in disarray. Perhaps the key to this success has been the spirit of cooperation among federal, state and local law enforcement agencies. This spirit of cooperation invokes the different strengths of each of these agencies and brings to bear the full weight of our nation's law enforcement authority and resources against what we know is a national enemy.

While we have made great strides in this effort, we all know that the battle is far from over. The hydraheaded world of organized crime constantly presents us with new opponents who play the same game but by different rules. In 1986, during my tenure as Chairman of this Subcommittee, we investigated non-traditional organized crime groups including certain Nigerian, Chinese, Korean and Vietnamese criminal organizations. More recently, we in Washington have witnessed the cold-blooded violence attributed to the Jamaican drug distribution groups called "posses," in the form of a rash of murders including the killing of two Jamaican women in front of four very young children.

Our hearings revealed that these emerging groups bear a striking similarity to traditional organized crime groups roughly fifty years ago. Although their influence may now be small and localized, these emerging criminal groups must not be ignored. The methods which we have used successfully against traditional criminal groups must also be used against these emerging groups; and, of course, we must continue to develop new ways of effectively dealing with emerging organized crime groups. We must never allow any organized crime group to make inroads within our society for, if they do, we have seen how hard it is to expunge them.

I commend our Chairman, Senator Nunn, and his staff for the fine job they have done on this investigation, carrying forward our Subcommittee's mandate to lead the battle against organized crime. It has been 25 years since PSI conducted the Valachi hearings which first revealed to the general public the extent to which traditional organized crime had entrenched itself within this country. It is gratifying to be able to report to the American people the strides made since then. And it is essential that, in the face of these achievements, we renew our commitment to take the steps necessary to eliminate these groups and ensure that the rule of law does prevail.

Senator ROTH. Mr. Chairman, first of all, I want to congratulate you on the new hearing room. I have to confess that I think it is a significant improvement over the ones we have used in the past.

More importantly, as I already have indicated, I want to congratulate you for holding these hearings on a most critically important problem. As you have already stated, it was 25 years ago that PSI conducted the Valachi hearings which first revealed to the general public the extent to which traditional organized crime had entrenched itself within this country.

I would say this to you, Judge Sessions, it has been very rewarding to see that in recent months and years considerable progress has been made in prosecuting key figures of organized crime.

It is something that has to be of real concern to us. The President's Commission on Organized Crime showed that it costs this country something like $100 billion a year in illicit business, something that has to be addressed.

Now, I would like to point out, Mr. Chairman, that there is both good news and bad news. The good news is what you and I have already referred to: the successful prosecutions. But I suppose none of us can be satisfied. As you look on the old charts of 25 years ago, which illustrated the criminal families at that time, and then on the new charts which show the current makeup of these families, it is evident that organized crime is still an active threat. None of us

can be satisfied until we successfully destroy the criminal institutions themselves.

It concerns me, Mr. Chairman. I remember being out in Chicago to hold hearings when I was Chairman of this distinguished Subcommittee. At those hearings, we had the charts of the local LCN family. The thing that bothered me is that even though we were successful in prosecuting some of the key figures, just like in a corporate organization, new people moved up. Those that retired went out to Palm Springs and enjoyed golf like some of the past chief executives of legitimate business. That has got to be stopped.

I think RICO has provided us with some successful new weapons. I want to congratulate the Federal, State, and local authorities, because I think their cooperation is crucial in the fight against organized crime. But I am not only concerned, Mr. Chairman, about traditional organized crime, but also about what are sometimes called these new emerging groups—whether it is the Japanese, Chinese, or Nigerians, to mention just a few; where in many cases we have organized crime abroad taking their ill-gotten gains and bringing it over here to take over legitimate business. This, too, I think, has to be a matter of real concern.

So, Mr. Chairman, I look forward to these hearings. I think what we all hope is not only to hear of what successes have been achieved, but what else we in Congress can do to support this effort to end these criminal institutions.

Thank you, Mr. Chairman.

Senator NUNN. Thank you very much, Senator Roth.

Senator Glenn, our full Committee Chairman, Vice Chairman, and a valuable member of this Subcommittee.

## OPENING STATEMENT OF SENATOR GLENN

Senator GLENN. Thank you, Mr. Chairman. I know the tremendous amount of effort that has gone into setting up these hearings on the activities of the vicious, criminal conspiracy called La Cosa Nostra, the LCN. They come at a crucial, important time because we are now enjoying the fruits of several decades—literally several decades—of painstaking investigations with—and I do not exaggerate this—thousands of man years of time dedicated by the FBI, by the Drug Enforcement Administration, State and local law enforcement agencies too numerous to mention, along with skilled Federal and State prosecutions in combatting this loathsome enemy.

Now, I want to emphasize that recent successes against the LCN are the results of work going back through many administrations, quite a number. They are not the result of any single administration or any single Congress. In the late 1960's and early 1970's, Congress provided the essential tools to combat the LCN, and we needed some new weapons at that time: use immunity, special long-term investigative grand juries, court-ordered electronic surveillance, the ability to attack racketeer-influenced corrupt organizations.

These hearings, too, may turn up the need for other procedures that we need or other legislative action that we can take that would provide additional tools to take on this monstrous project. If so, as we go through these hearings, I would hope that anyone who

has suggestions along those lines would feel free to provide them to us.

As a result of all these law enforcement activities, a cumulative body of knowledge was developed concerning the members of the LCN, their associates, and the nature of their criminal activity. These law enforcement successes have replaced the LCN's vaunted "omerta," or silence of its members, with the sound of major organized crime figures cooperating with the Government. Entire LCN families have been denuded of leadership, at least temporarily, by criminal prosecutions.

Despite our successes with respect to the LCN, much remains to be done. We must carefully consider what new efforts are required for the LCN, now thought of as a traditional organized criminal group. And doesn't that say something about it? We now call La Cosa Nostra the "traditional organized crime group." It shows how tough it has been to get to the heart of these criminal cartels and stamp them out.

But along with that comes the growing threat posed by so-called non-traditional organized criminal groups: the Colombian drug cartels, the vicious Jamaican organizations which have littered the streets of our Nation's capital, literally, with dead bodies. It has come to be a rare day that we do not pick up the Washington Post and see somebody killed in a drug-related incident on the streets of our Nation's capital. Also, the growing presence of Asian ethnic organized crime groups and many others represent a new and growing threat.

The LCN, of course, has its feet in both camps, the old and the new, the traditional and non-traditional, if we want to refer to them that way.

Fundamentally, Federal law enforcement was—I put that in the past tense, I hope correctly—several decades behind in its response to the threat posed by the LCN. Funded by the huge illegal profits derived from Prohibition, the LCN consolidated their position as the model of criminal cartels, incorporating or destroying other ethnic criminal organizations. With the multi-billion-dollar profits of the drug trade to finance them, the LCN and non-traditional organized crime groups have demonstrated their intention to directly assault the institutions of our Latin American neighbors.

It does not overstate the problem to say that these criminal activities poses a national security threat of some proportion to this Nation. We must move with sufficient resources, whatever they are, and with force and vigor against both the LCN and these other groups.

Now, I am troubled about one part of this. I am troubled by the recent unilateral actions of the Attorney General in arbitrarily downgrading the independence of the Department's Organized Crime and Racketeering Strike Forces by making these strike forces subordinate to the U.S. attorneys in each district. Maybe this will work out fine; I do not know. Maybe it is necessary, and maybe it is the best way to go. But when you downgrade the authority that was placed in this one group for a very good and specific reason in earlier days, I think we have to watch this very, very carefully.

So while there may be a need for greater coordination between such offices, I look forward to hearing some explanation of this and other decisions concerning the future structure of our efforts to defeat and eradicate organized crime activities.

Thank you, Mr. Chairman, very much.

Senator NUNN. Thank you, Senator Glenn.

Senator Chiles.

## OPENING STATEMENT OF SENATOR CHILES

Senator CHILES. Mr. Chairman, I want to congratulate you on holding the hearing and the staff on both sides for all the work that has gone into it.

This Subcommittee has a long and, I think, very distinguished history going back into the McClellan days of the anti-racketeering Committee. I think you certainly continue in that tradition, as Senator Roth did when he was Chairman.

I think this morning is a most interesting hearing to get a chance to hear Judge Sessions and to be updated on what we now see in organized crime, and some great successes by the FBI. It is my opportunity to try to learn more of the connections now between the LCN and now what we see in the organized crime activities of the Colombian groups, the Cuban drug groups, the Jamaicans, and the others; and to see how they interface and how they connect.

I think we also need to see and try to understand how the so-called men of honor, who at one time supposedly did not participate in drugs, turned into that enterprise, and how that now seems to be one of their leading sources of income.

I look forward to the hearing, and I congratulate you on holding it.

Senator NUNN. Thank you very much, Senator Chiles.

Senator Sasser.

Senator SASSER. Mr. Chairman, I will defer to Senator Mitchell. I think he was here prior to myself.

Senator NUNN. Senator Mitchell.

## OPENING STATEMENT OF SENATOR MITCHELL

Senator MITCHELL. Thank you, Mr. Chairman. Thank you, Senator Sasser.

Mr. Chairman, the quarter century since Joseph Valachi testified about the activities of organized criminals in the United States has seen two contradictory developments. On the one hand, Government has successfully prosecuted and convicted more members of organized crime families than in the previous 75 years. On the other hand, American public opinion seems to have been swayed by movies and television shows to a belief in a romanticized picture of a Mafia, a romanticized picture that conflicts with reality.

These hearings provide an opportunity to set the record straight, to re-emphasize the fact that there is nothing romantic, glamorous, or nostalgic about criminals, including criminals who pretend to have a code of honor.

Two years ago, the President's Commission on Organized Crime estimated that the activities of criminal enterprises earn more

than $100 billion a year for criminals and cause tax losses of over $6 billion a year. Whatever the accuracy of these estimates, there is no doubt that the existence of criminal enterprises which claim an immunity from the reach of the law undermines the foundations of civilized society.

The American system of justice gives the presumption of innocence to the defendant in every criminal case, as it should. That bias for the innocent is at the heart of what protects the individual liberties of all Americans. But when protections for the innocent are manipulated to protect organized criminals who are guilty from justice, support for our system of justice is undermined. Citizens then tolerate less concern for the rights of suspects and defendants.

There has occurred in the past quarter century one of the most dangerous intersections in our Nation's history: the crossing of organized crime and the drug trade. Each has many elements. As they mesh, they thrive on each other, promoting criminal attitudes and activities, sapping our society of its strength, turning millions of Americans into lawbreakers.

Faithfully executing the law is a prime responsibility of Government, but enforcement of the law cannot be successfully accomplished by the Government alone. That requires a concerned public which condemns and refuses to tolerate any violation of law and recognizes members of these crime families for what they are: vicious criminals without honor, without conscience, whose only purpose is their personal enrichment at the expense of others.

These hearings will serve their purpose if they revive public intolerance for these and other lawbreakers.

Senator NUNN. Thank you very much, Senator Mitchell.

Senator Sasser?

## OPENING STATEMENT OF SENATOR SASSER

Senator SASSER. Thank you, Mr. Chairman.

First, Mr. Chairman, I want to join our colleagues in commending you for calling these hearings. I am saddened to say that crime is one of our most critical national problems. Too often, we forget that organized crime is all too organized, indeed.

Now, as we hear from witnesses and as recent Federal prosecutions show, 25 years after Valachi organized crime is still in business and doing just as well as ever. There are several areas that I would like to explore during the course of these hearings. One is the way in which organized crime is now moving into other areas of the country. Where traditionally organized crime has not been much of a problem, has not been part of a formal structure of lawbreaking, this is apparent, I might say, Mr. Chairman, in my own State of Tennessee.

As Government has been successful in stepping up its enforcement against drug trafficking along the Gulf of Mexico, drug smugglers are now overflying the coast and dropping their deadly cargoes further inland, bribing sheriffs and small aircraft or airport owners, just to leave the lights on at night, so the drug plane can land and unload its deadly dose of poison, and along the way, leave off an enormous amount of money that corrupts local officials.

Another concern I have is the absolutely appalling crime wave this year in the Nation's capital. Here in the District of Columbia, in the city that is supposed to be the capital of the home of the brave, the record number of murders in Washington this year has made some parts of this city virtual combat zones, and that is no exaggeration.

Most of this crime is clearly drug related. Much of it is controlled by gangs, apparently from Jamaica. And I will say to you, Mr. Chairman, speaking for myself as Chairman of the authorizing Subcommittee of this Committee, with jurisdiction over the District of Columbia, I am extremely concerned about this development.

And speaking as a citizen, I am absolutely outraged that these vicious and violent criminals have the run of the streets right here in the City of Washington. Something must be done about it.

They destroy communities. They destroy the lives of those who live there. It must be stopped.

Now, during these hearings, we should explore the growth of these gangs. We should examine their structure and their organization, and we should look at their connection with the local communities.

There are a number of questions that need to be asked. Are these gangs just drug smugglers, or are they expanding into the other so-called normal areas of crime, such as protection, gambling, prostitution, and investment in otherwise legitimate businesses?

We ought to look at the major laws that have been passed by Congress here in recent years, and especially the 1984 criminal code revision, and also, the 1986 anti-drug-abuse act. We gave the Federal law enforcement agencies important new tools in both of these pieces of legislation.

It would seem that some provisions of the criminal code reform law are working well, especially the increased sentences; the provisions calling for the elimination of parole; and preventive detention.

The prospects of long sentences and no hope of early parole have led many professional criminals to cooperate with prosecutors. This has given investigators the opening they need to strike at the hierarchy of organized crime, the bosses.

Successful prosecutions in recent years have resulted in the convictions of heads of several crime families, dealing a severe blow to the syndicate, the criminal syndicate, in a number of cities.

Mr. Chairman, we have a number of subjects here today and in subsequent hearings for fruitful discussion. I think the American people are wondering what we're doing about crime in this country, and what we're doing here in Washington to try to control it.

I think these hearings will partly provide some of those answers, and, hopefully, it will give an additional spur to all involved to do something about this poison of organized crime that's eating away the very vitals of this country, in my judgment.

Thank you very much, Mr. Chairman.

Senator NUNN. Thank you very much, Senator Sasser.

Judge Sessions, we are ready to hear from you and your team, Mr. Revell and Mr. Daniels. We will ask all of you to stand and take the oath. We swear in all the witnesses before the Subcommittee.

Do you swear the testimony you give before this Subcommittee to be the truth, the whole truth, and nothing but the truth, so help you God?

[All respond affirmatively.]

Senator NUNN. Thank you.

Judge Sessions, you have been introduced already. But again, I express my appreciation to you and your team. The FBI has been enormously helpful. The Department of Justice has been very helpful. And we appreciate your cooperation.

I have also had a chance to look at your statement and read the statements of Mr. Revell and Mr. Daniels. I would say that you will be introducing it appropriately, but I would say that these attachments to your statement provide us with one of the most thorough, in-depth and comprehensive statements on the history of organized crime, as well as the scope of current activities that we have had before this subcommittee, and we are very thankful to you for that.

And I want to give special thanks to Mr. Jim Whalen of the Congressional Affairs Office. He's been very helpful, and we appreciate that very much.

So now we are ready to hear from you.

**TESTIMONY OF WILLIAM S. SESSIONS, DIRECTOR, FEDERAL BUREAU OF INVESTIGATION, WASHINGTON, DC,[1] ACCOMPANIED BY OLIVER B. REVELL, EXECUTIVE ASSISTANT DIRECTOR OF INVESTIGATION,[2] AND ANTHONY E. DANIELS, DEPUTY ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION[3]**

Judge SESSIONS. Thank you, Mr. Chairman, distinguished Members of the Subcommittee.

You must know that I am exceptionally pleased to be able to be here, and to discuss before this Subcommittee matters that relate directly to organized crime.

It provides me an opportunity to quickly embark on what I believe will be a continuing cooperative effort to achieve common goals and objectives which will significantly enhance law enforcement, and thus, the quality of life of all of our citizens here in the United States.

During the course of my career, first as a United States Attorney and later as a United States district judge, I developed an awareness of the devastating yet sometimes subtle and therefore unrecognized impact that organized crime has on our society.

Long before my nomination and subsequent confirmation as Director, the FBI had established organized crime as one of its top criminal investigative priorities, and I fully intend to continue that policy.

Recent successful prosecutions of top leaders of organized crime groups, particularly La Cosa Nostra families, have been unprecedented in size and in complexity. But our task is far from being completed.

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[1] See p. 263 for Judge Sessions' prepared statement.
[2] See p. 430 for Mr. Revell's prepared statement.
[3] See p. 445 for Mr. Daniels' prepared statement.

We must analyze our past efforts, identify factors which contributed to those successes, and then clearly define how we believe we should proceed in the future.

These hearings will serve the United States and the FBI well in that regard.

Now, in January of 1982, the FBI received concurrent investigative jurisdiction with the Drug Enforcement Administration for violations of 21 United States Code. Major illicit drug trafficking groups other than La Cosa Nostra surely fall within a broad definition of organized crime.

However, for administrative and operational purposes, the FBI has separated those investigations from our traditional organized crime program, and established a separate drug section within the Criminal Investigative Division, in order to more effectively address the problem in accordance with its priority status.

Now, during these hearings we will attempt to articulate our progress, principally against La Cosa Nostra. And of course we would appreciate the opportunity to document our progress against illegal drug traffickers in some future hearing before this Subcommittee.

Senator NUNN. We will be getting into that. We do not define La Cosa Nostra as being all of organized crime. We know it goes much, much further than that, and this set of hearings is the beginning of a series in which we will get into those other subjects in depth.

Judge SESSIONS. Good, that's rewarding, Senator, and I will look forward to that.

Proper tools, and proper working tools, are necessary to accomplish any task successfully. As witnesses begin to outline for the Subcommittee some of the recent successful prosecutions I alluded to earlier, I believe it will become apparent that the tools utilized were Title IX of the Organized Crime Control Act of 1970, commonly referred to as the RICO statute; and Title III of the Omnibus Crime Control and Safe Streets Act of 1968, which deals with court-authorized electronic surveillance.

Now it is my hope that during the course of these hearings we will explore together whether it may be appropriate to initiate new legislation, or to modify existing statutes, in order to further enhance the effectiveness of investigators and prosecutors, while continuing to preserve and protect the individual rights of law-abiding American citizens.

I believe that it would be beneficial to be able to have more of an immediate financial impact in criminal cases, on criminal enterprises such as La Cosa Nostra. The addition of a civil forfeiture provision under the RICO statute would permit law enforcement to more effectively and efficiently penalize those organized entities.

Currently, the controlled substances act, as well as the child protection and money laundering control acts, contain such provisions.

In addition, the emergence in this country of organized crime groups which are based in foreign countries may require additional legislation.

There is mounting evidence that large amounts of illegally acquired funds generated by criminal activities of these organized crime groups overseas are used for investment in otherwise legitimate ventures in the United States.

The provisions of Title XVIII United States Codes Section 1952 prohibit travel in foreign commerce to distribute the proceeds of crime committed in the United States. However, this statute deals only with funds obtained by illegal activity in the United States, and not funds illegally acquired in other countries and then brought into the United States.

It was this very Subcommittee, in a series of hearings that you've alluded to, conducted between September of 1963 and August of 1964, under the Chairmanship of Senator McClellan, that exposed to this country, through Joseph Valachi and other witnesses, the extent to which La Cosa Nostra had expanded and consolidated its sphere of influence.

La Cosa Nostra has evolved into, over these eight decades, highly structured families—and there are some 25 in number—which are located, as the Senators have noted, throughout the United States.

These families are overseen by a commission, which meets periodically to settle disputes and to orchestrate the expansion of their illicit empire.

Although much of the power of La Cosa Nostra still comes from the profits generated by gambling, and by loan sharking, extortion and drug trafficking, their real power base lies in the corruption of the public officials, and the influence they control and exert over labor unions.

The latter has enabled La Cosa Nostra to control virtually entire industries to the economic detriment of the public.

The McClellan hearings provided much of the impetus for Federal legislation, which has been responsible for significant progress which has been made recently against organized crime.

Now, in the 19th century the American criminal justice system developed a trial model which has been, I believe, extremely efficient on a specific individual and in dealing with street crimes.

It was predicated on a specific individual committing a specific criminal act. The addition of the conspiracy statutes permitted an individual to be charged absent their actual participation in a specific criminal act.

The law, however, remained inadequate and ineffective against organized crime, however, because it failed to deal with structured groups, such as La Cosa Nostra, which engaged in crimes for profit, but whose hierarchy often could not be directly linked to a specific criminal act.

Prior to the enactment of the RICO statute, many La Cosa Nostra members were successfully prosecuted and incarcerated. However, as the Senators have noted, they were quickly replaced within the family structures, while the leadership remained insulated, and their organizations continued virtually intact and undamaged.

Now, the Congress recognized this inadequacy, and skillfully drafted the RICO statute to define criminal enterprises, and to establish as a basis for an indictment, a pattern of racketeering activity on the part of members of those enterprises.

In addition to providing exposure to a 20-year confinement for individual defendants, the statute provides for the forfeiture of benefits derived by a group or by individual members, and permits pri-

vate citizens who are victimized to file civil actions for treble damages.

The Government may also file civil suits requesting the court to order sanctions, or to provide injunctive relief prohibiting the continuation of the racketeering activity.

This provision can be extremely effective in removing La Cosa Nostra members, or those controlled by them, from leadership positions in labor unions, thereby returning the control of the unions to the rank and file members, where it is intended to be.

A recent example occurred on March 18, 1987, when United States District Court Judge Vincent L. Broderick of the Southern District of New York ordered 15 individuals removed from Local 6A of the Laborers International Union of North America and the District Council of Cement and Concrete Workers, and placed both entities under a court-appointed trustee.

Most of the individual cases about which you will hear testimony involve court-authorized interceptions of oral communications, either through wiretaps, or secreted microphones, which are often augmented by closed-circuit television.

These invaluable investigative techniques were made available by the Congress of the United States with the enactment of the Omnibus Crime Control and Safe Streets Act of 1968, which was revised by the Communications Privacy Act of 1986.

The intrusive nature of these techniques on an individual's right to privacy mandated the establishment of comprehensive requirements in the legislation, which included authorization from and contemporaneous oversight by, the judiciary.

Now, undercover operations have also proven to be highly successful. They are also closely scrutinized, and are governed by specific Attorney General's guidelines. Detailed proposals must be submitted to the FBI headquarters for evaluation by the criminal undercover operations review committee, which then makes recommendations to the assistant direct of the Criminal Investigative Division.

In some instances, my personal review and approval may be required.

Initial approval is for a maximum of 6 months, during which time progress is closely monitored by headquarters FBI. Extensions must be approved in the same manner as the initial request.

Now, the basic structure of the La Cosa Nostra remains in place today, and the Senators have alluded to that, and its involvement in a broad spectrum of activity and criminal activity continues.

However, armed with the tools which I have described, the FBI since 1981 has convicted 19 bosses, 13 underbosses, four consiglieres, and 43 capodecinas from 20 different La Cosa Nostra families.

The hierarchies of the families in New York, Newark, Cleveland, Boston, Kansas City, St. Louis, Milwaukee, New Orleans and Denver have been decimated by convictions and incarcerations for long terms.

Prosecutions are pending against the hierarchies of the Philadelphia and the Los Angeles families.

Now, my initial assessment of the Bureau's organized crime program leads me to conclude that by taking full advantage of existing

investigative opportunities, expanding the national intelligence base, and implementing a comprehensive national strategy, it is possible to remove the La Cosa Nostra as a significant threat to American society.

As we progress toward——

Senator NUNN. Judge Sessions, let me just make a clarification there, you are saying you think it is possible, using all of these tools. You are not saying we are there now?

Judge SESSIONS. I am not saying we are there now, Senator, but I believe that, for instance, the implementation of a December 1987, national organized crime strategy by the Bureau can be effective against organized crime families.

And I am talking, again, about a national strategy as opposed to the strategy which was simply an enterprise strategy, very important, but did not incorporate the national concept that we now embrace.

And I am sure that during the course of these hearings we will discuss that more fully, sir.

Senator NUNN. Good, thank you.

Judge SESSIONS. Thank you. As I indicated, my initial assessment of the Bureau's organized crime program leads me to conclude that by taking full advantage of the existing investigative opportunities, expanding the national intelligence base, and implementing a comprehensive national strategy, it is possible to remove La Cosa Nostra as a significant threat to American society.

As we progress toward that important goal, we have observed other groups emerging on the horizon, and these have been referred to by the Senators on the Subcommittee.

There is evidence to suggest that in cities with large Asian populations, factions of the Japanese Yakuza, as well as the Chinese Triads, are attempting to establish footholds.

I believe it is imperative that we move quickly to expand our intelligence base on these groups and prevent them from evolving as La Cosa Nostra did in past years. This will be accomplished through comprehensive analysis of intelligence, followed through by investigations and prosecutions of these organizations.

Now, Mr. Chairman, that concludes my formal statement. But we have prepared, and I would like to submit, a detailed case summary. And the charts, and the written analysis, and the other exhibits in support of the oral testimony that will be forthcoming.[1]

And I respectfully request that they be entered further in the record at this time.

Senator NUNN. They will be, without objection, put in the record.

Could you describe the attachments in a little more detail for us so we will know?

Judge SESSIONS. Yes, sir, I will ask Mr. Revell to do that. They are part of the statement which has been filed.

Senator NUNN. Thank you, Judge Sessions.

Now, Mr. Revell, your statement and Mr. Daniels' statement, do you need to give those this morning, or are you going to summarize them?

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[1] See p. 292.

Mr. REVELL. No, sir, we would like to just submit them for the record, and I think they pretty much stand on their own.

Senator NUNN. Well, I have read them, and we appreciate your testimony. They will be part of the record.

So why don't you tell us now what we have before us in terms of the attachments.

Mr. REVELL. The Director's statement was a summary. We have given a somewhat more detailed written statement in this document. That takes up the first 26 pages.

Then we have a chronology of organized crime activities, at least from the perspective of the FBI, that takes up an additional 69 pages. And that chronology, I believe, is quite complete as it traces the LCN and outlines the successes we have had against organized crime over the past three decades.

Then we go into specific case citations, starting with corruption matters, labor racketeering matters, and then major investigations.

All of the cases that have been cited in our testimony are given in more detail in this particular presentation.

Then we go into some of the emerging groups, the outlaw motorcycle gangs. We describe in some detail the Pizza Connection case, because it was there that we found out that the Sicilian Mafia was in fact operating semi-autonomously in the United States, not as a part and parcel of the LCN.

And then lastly we outline the Asian organized crime groups that we have under investigation, and some of our concerns in regard to the emergence of these organized crime groups, some of which are centuries old, but are newly active in the United States.

And that encompasses the totality of the Director's submission.

Senator NUNN. Thank you, Mr. Revell.

Let me get these terms straight, now, because there is some sensitivity here on terms.

La Cosa Nostra has been publicly identified over and over again repeatedly as being an organized criminal operation here in the United States; is that correct?

Mr. REVELL. That's correct, by its own members.

Senator NUNN. You just made a statement that you have attachments here that show the Sicilian——

Mr. REVELL. Mafia.

Senator NUNN [continuing]. Mafia as operating independently here in the United States?

Mr. REVELL. Right.

Senator NUNN. Now, tell us about the term "Sicilian Mafia" so we will be sure we have that term right.

Mr. REVELL. There are three organized crime groups indigenous to Italy: the Sicilian Mafia, which is the largest and most powerful, and it emanates from the eastern part of the island of Sicily. It is now international in scope. It has members in virtually every part of the world. And it has very strong familial ties back to the eastern part of Sicily, and particularly, to Palermo.

The two other Italian groups, the Camorra, which is essentially from the Neapolitan, or Naples, area, it too is international in scope; and the N'Drangheta, that comes from Calabria, or the boot. It is closely aligned with the Sicilian Mafia, but to a large extent, also autonomous, and it also has its tentacles in North America.

Those three organized crime groups are well documented by Italian authorities. Members of these groups have testified in public, including testimony at the "Maxi Trial" that recently concluded. And the names of these organizations and their activities have been well documented in the public record.

Senator NUNN. Now, the name "Sicilian Mafia," does that come from law enforcement, or does that come from the membership?

Mr. REVELL. That comes from the membership.

Senator NUNN. That's what they call themselves?

Mr. REVELL. Well, they call themselves the mafia, and its location is Sicily.

Senator NUNN. What about the term "La Cosa Nostra"?

Mr. REVELL. "La Cosa Nostra" is the name that the eastern establishment of the organized crime elements—the Italian organized crime elements—gave themselves.

We first picked it up in informant information, both from Valachi and from Philadelphia, and later determined that in fact this was the term that they used to describe their thing, their organization, within the United States.

It evolved from the Sicilian Mafia, and the Camorra, but this is the particularly American brand of organized crime that emerged from those roots.

Senator NUNN. So in this country, La Cosa Nostra is the self-identified name of certain organized crime groups?

Mr. REVELL. That is correct.

Senator NUNN. And in Italy, the Sicilian Mafia—you use the term "mafia" to describe a group that identifies themselves in that manner?

Mr. REVELL. That is correct.

Senator NUNN. Thank you, Mr. Revell. Do you have anything else you would like to share with us?

Mr. REVELL. Well, I was going to try and give a thumbnail sketch of the Bureau's organized crime strategy, and what elements impacted on the development of that strategy, if that would be all right.

Senator NUNN. That would be fine.

Mr. REVELL. As you know, Senator, an event which I think probably changed the course of law enforcement in its addressing organized crime occurred in 1957 in Apalachin, New York, when on November 14th, a Sgt. Edward Crosswell of the New York State Police discovered and reported a gathering of mobsters from throughout the United States.

At that time the exact purpose of this meeting was unknown, and as the New York State Police and other law enforcement agencies started to identify these 59 individuals, it was determined that they were all associated with mob groups throughout the various major cities of the United States; and all of them were of Italian heritage.

We determined—meaning law enforcement determined—that this was in fact a meeting of the commission, and the most powerful members of organized crime in the United States at that time.

That particular meeting, 1957, of the commission led then J. Edgar Hoover—or then FBI Director J. Edgar Hoover—to change his position. Prior to that time Mr. Hoover had held that there was

in fact mob activity in major American cities, but it was largely vice, and largely indigenous to those communities, and therefore, primarily the responsibility of those communities.

Now, the FBI had indeed investigated a number of organized crime figures, but it was on a crime-specific basis, and there was no programmatic response to organized crime, because Mr. Hoover believed that it was largely a matter of local responsibility.

The Federal Bureau of Narcotics had done the most work in this area on the Federal level prior to this particular occurrence. Also the Internal Revenue Service had, on a case-specific basis, undertaken a number of prosecutions.

From 1957 to 1961 the FBI undertook a rather substantial criminal intelligence collection process. There was instituted a comprehensive program of collecting intelligence on these groups whose name we did not know at that time, and simply referred to them as the mafia.

In 1961 of course we had the advent of the Kennedy Administration and the emphasis on organized crime that that brought. In addition in 1961 the Congress passed the first legislation specifically giving the Federal Government, and in particular the FBI, organized crime jurisdiction, in the Interstate Transportation Aid to Racketeering, ITAR statute; the Interstate Transportation Wagering Information; and a number of other related statutes, we were given the first statutory tools directly targeted against organized crime.

The FBI also formed its organized crime and racketeering section, and set forth to utilize these statutes in a rather significant program.

Of course in 1963 the first member informant, Joe Valachi, that was developed by the Bureau testified before this very Subcommittee. That hearing gave a great deal of impetus, because even with the revelations that had come from the earlier hearings under the Kefauver committee, the general knowledge of the Apalachin conference, there was still doubt in this country as to the extent of organized crime, the pervasiveness of its control over certain elements of our society, and the degree to which it had infiltrated the labor movement and certain elements of our business community.

So these hearings in 1963 were a benchmark in our own investigative activities. As has been stated by some of the Senators, it highlighted the fact that we did not have, even at that time, an adequate statutory base, and we still had not focused sufficiently on the activities of the organization as opposed to the activities of the individual.

In 1968 we were given jurisdiction under Title III of the Omnibus Crime Control Act for the interception of electronic communications. Unfortunately, we did not get to use that until 1970.

In 1970 we also had the passage of the Organized Crime Control Act which gave us the RICO, the now-famous RICO statute.

In 1970 we also had the incoming Nixon Administration, or the newly arrived Nixon Administration, gave additional emphasis to organized crime by submitting additional legislation, and by adding a thousand agents to the FBI for the specific purpose of addressing organized crime.

We made a tactical error in the use of those agents. At the time, and I was part of the group responsible for that, we decided the way to attack organized crime on a national basis was to go after their revenue.

We decided that their principal source of revenue at that time was gambling, and therefore, we undertook a very massive effort against organized gambling in the United States. We brought literally thousands of gambling prosecutions, using Title III, and very seldom using the RICO statute, but using the ITAR statute and the illegal gambling business statutes.

We used a number of Federal statutes to attack gambling across the United States. From a statistical standpoint, that was extremely successful. We obtained literally thousands of convictions.

From the standpoint of the impact on organized crime, it was negligible. What happened, of course, as has been alluded to, the members who were convicted and sent to prison were simply replaced. Virtually as quickly as they were put in jail.

And the revenue, although impeded, did not slow down appreciably. We had to retrench.

In 1965, then Director—I'm sorry, 1975—in 1975, then-Director Clarence Kelley instructed that an internal study be conducted on the manner in which we conducted investigations.

Before that time we had taken the position that if it was a violation in our jurisdiction, then we had to commit resources to conduct an investigation. Well, that sounds commendable, but what it did is, it spread our resources so thin that we could not properly address the more significant criminal activities.

As a result we developed what was called the quality versus quantity approach.

We changed our investigative emphasis to prioritize investigations. And we created in 1975 three national priorities. At that time that was organized crime, white collar crime, and foreign counter-intelligence.

We continued in that vein until, I believe it was, 1978, when we started to see the culmination of some of these efforts. The Unirac was our largest labor racketeering case at the time. It went all the way from Maine to New Orleans on the International Longshoremen's Association. Convicted a number of high level union officials, and some high level La Cosa Nostra members, including Anthony Scotto, who was both.

The success of this case, and the Brilab investigation in which Carlos Marcello was convicted of using labor pension and welfare funds for the augmentation of organized crime activities, led us in 1979 and 1980 to reevaluate our investigative approach.

It was during this time that we developed the enterprise theory of investigation. I would have to say that Professor Bob Blakey, who I consulted with a number of times, gave a great deal of impetus.

He told us, in fact, we were not using the RICO statute appropriately and thoroughly. And he was right. And he gave us a great deal of personal instruction in this regard.

We developed a strategy to use the enterprise theory. The New York office was the first to take hold of that particular approach.

Resulting from that was the Commission case, the Pizza Connection case, and a number of others.

Nineteen-eighty-two was a very significant year in our approach to organized crime, because it was then that we had given to us the concurrent jurisdiction over drugs in Title XXI, and our relationship with DEA was established.

Nineteen-eighty-two was also the time that we undertook a broad-based study of Oriental organized crime groups, because we were starting to discern their emergence as a potential threat in the future.

I should backtrack. In 1980 we undertook to broaden our organized crime program to include emerging groups: the outlaw motorcycle gangs; the Oriental organized crime groups; prison-spawned gangs; and so forth.

In 1982 we emphasized the collection of intelligence on Oriental organized crime groups.

In 1982, also, I think a very significant event occurred. In October of 1982, we had the Italian law enforcement agencies, the three principal agencies, the Italian National Police, the Carabinieri, and the Guardia di Finanza came to Quantico. They met with the FBI. They met with DEA, the RCMP, and Australian Federal police.

At the working level, and I had the pleasure of chairing that group, we devised a strategy between the four nations, at the law enforcement level, to approach in particular the Italian organized crime element.

We found many, many common elements, and common activities. It was out of this particular conference, and a follow-up conference in Ottawa, that we developed the strategy for Pizza I, and the eventual emergence of the Italian-American working group, which is chaired by the Attorney General and the Minister of the Interior.

Well, in 1985, of course, we had the commission case. We have had a number of others, the Strawman-Argent cases and so forth and so on.

The development of this strategy has been incremental. It has been by trial and error. We have made mistakes. But I think we are now on the right track, and I believe the documentation we provided here, the cases that we have cited, the fact that we are going after the root of the organization, its commercial, labor and political apparatus, as well as the specific criminal elements of that apparatus, I think show that the evolution of this process has been very significant, and has brought us to where we are today.

And I would only add one thing. We know that the job is not done. That this is simply the closing of the first chapter, and we have a great deal more to do, against the LCN, against the Italian groups, and against all the emerging groups that have been mentioned.

Thank you, Senator.

Senator NUNN. Thank you, Mr. Revell, very much.

Mr. Daniels, before we get into questions—we will have questions for all of you—I think it would be helpful if you would explain the corporate structure of the LCN family and how these families as depicted on the Subcommittee charts have changed, if at all, since the days of the Valachi hearings.

Mr. DANIELS. Certainly, Senator.

The corporate structure of the LCN has remained virtually unchanged before, during, and after the Valachi hearings. And each LCN family, as you can see from the charts, has a boss who is the head of the family; an underboss who is the second in command; a consigliere, who is a veteran member who acts as an adviser to the boss; and a capo, or capo-regime, who is a captain in the family who is in charge of a group of soldiers, or button men, and they are the rank and file members of the LCN.

And if you look at the Chicago family, you'll notice that they use the term, lieutenant. That is synonymous with the capo, and used mostly in the Chicago family.

Senator NUNN. That is still fourth in line, is that right?

Mr. DANIELS. Yes, sir. Then you have your associates—these are nonmembers used by the LCN in their illegal activities.

And Senator, with your permission, to illustrate how this structure has remained unchanged, I would like to provide you with just a sampling of those individuals identified by Joseph Valachi in 1963, and who are still active with the LCN today.

And I would like to accomplish this by comparing the charts prepared as a result of Valachi's testimony 25 years ago, and the charts prepared concerning the structure of the various LCN families provided for this hearing.

Senator NUNN. Thank you, we would like to have that.

Mr. DANIELS. Start off with the Bonanno family, Philip Rastelli was characterized by Joseph Valachi in 1963 as being a soldier in the Bonanno LCN family. Philip Rastelli is now the boss of this family.

Following the murder of Carmine Galante in 1979, Rastelli assumed control of the Bonanno LCN family. Rastelli currently is housed in the Federal correctional institute in El Reno, Oklahoma.

Moving on to the Buffalo family, Pasquale Natarelli was listed on the Valachi charts as a capo in the Buffalo LCN family, and he is currently a capo today. Natarelli was described in testimony before United States Senate hearings held in October of 1963 as a muscleman with responsibilities over some of the gambling interests in Buffalo.

In 1967 he was convicted of Hobbes Act violations, and he served 9 years on a 16-year sentence.

Moving on to the Chicago family, or sometimes it's referred to as the Chicago outfit, Joseph Ferriola was listed as a soldier in the West Side of Chicago in the Chicago LCN family on the Valachi charts. Ferriola supervised gambling and extortion matters. And his ascent to the position of boss in 1987 was due to the conviction and subsequent imprisonment of former boss Joseph Aiuppa and underboss John Peter Cerone.

Also in the Chicago family, if you look at Anthony Accardo, he was listed in the Valachi charts as a lieutenant on the West Side of Chicago in the Chicago LCN family. Accardo was a former bodyguard for Al Capone, and he was the boss of the Chicago family as well until 1957 when he voluntarily stepped aside to allow a more aggressive Samuel Giancana to take control.

However, Accardo regained leadership in 1975 when Giancana was sent to jail. Then in January of 1986, the conviction of four top Chicago mobsters for directing the tax-free skimming of cash from

Las Vegas casinos forced Accardo to return from retirement to supervise the activities of Chicago boss Joseph Ferriola.

Accardo is now a consigliere in the Chicago family.

In the Colombo family, if you will notice we have the Genovese chart up there from 1963 from the Valachi hearings. Carmine John Persico, Jr., was characterized in 1963 by Joseph Valachi as a Genovese LCN solider.

However, his future activities and his affiliations with members of the Colombo LCN family have substantiated his membership in the Colombo LCN as opposed to the Genovese LCN family. And according to information presented at the 1983 Senate hearings, Carmine Persico was named boss of the Colombo LCN family in 1978.

He had served as interim head of the Colombo LCN since the shooting of then-boss Joseph Colombo in 1971 at the Italian-American day rally in New York.

Police intelligence officials claim that Persico committed at least a dozen murders during his rise to the position of boss in the Colombo family. On June 25th, 1985, Carmine Persico, Jr., was charged with extortion and murder in the commission case, an investigation which led to the indictment of the bosses of the five New York families under the RICO statute.

He was convicted, subsequently sentenced to 100 years in prison with no parole. He is currently incarcerated at the United States penitentiary in Marion, Illinois.

Also in the Colombo family, the Colombo LCN family was known as the Magliocco family at the time of the Valachi charts. And John Franzese was identified by Valachi as a capo. In 1983 Franzese was considered the underboss of the Colombo family. He is currently a capo in the Colombo La Cosa Nostra family.

Franzese has a long history of criminal activities to include pornography, gambling, prostitution, murder, labor racketeering, bank robbery and loan sharking. In March of 1967, Franzese was convicted of conspiracy to commit bank robbery, and was sentenced to two consecutive terms of 25 years each in prison.

He was paroled in 1978, but his parole was revoked in 1982, and again in 1986. He is now in prison in a Federal correctional institute, Petersburg, Virginia, serving an 8-year sentence for the 1986 parole violation.

Moving on to the Gambino family, Joseph Armone was identified on the Valachi charts as a soldier, or button man. And he is the present underboss of the Gambino LCN family.

He became underboss in 1986, when Gambino boss John Gotti's original choice, Frank DeCicco, was killed in a car bombing on April 13th of 1986.

In 1965, he was convicted and sentenced to 15 years for importation of heroin as part of the notorious French Connection case.

In June 1986, he was indicted in the Eastern District of New York for RICO violations. And in December of 1987, Armone was convicted of racketeering conspiracy involving extortion, bribery, and illegal interstate travel to commit bribery; and was immediately remanded to the Metropolitan Correctional Center in New York.

The judge at sentencing labeled Armone as a high-ranking career criminal, who started his illegal activities at an early age, and, to date, has shown no evidence that he could alter his life-

style. And Judge Weinstein sentenced Armone to 15 years' custody each for RICO conspiracy; two counts of Hobbes Act extortion; bribery; and 5 years for ITAR; time to run concurrent, and he was fined a total of $820,000.

In the Genovese family——

Senator NUNN. Before you leave the Gambino family, would you identify the person at the top of the Gambino chart in 1987?

Mr. DANIELS. John Gotti.

Senator NUNN. Yes, John Gotti. Now, was he on any of the charts in 1963?

Mr. DANIELS. I do not believe he was. I believe he was too young at the time.

Senator NUNN. What was his age then?

Mr. REVELL. He was about 22 then, I think.

Mr. DANIELS. In the Genovese family, Vincent Louis Gigante was characterized in 1963 as a soldier in the Genovese LCN family.

Vincent Gigante currently presides as boss of the Genovese LCN family.

In 1983 Gigante was identified by the New York City Police Department at a hearing before the Senate Judiciary Committee as a capo in the Genovese La Cosa Nostra. Gigante reportedly became a capo during the 1970s, and headed a crew which operated out of the lower area of Manhattan in New York.

In the early to mid-1980s, Gigante gained overall control of the family, and began sharing power as an equal boss with Anthony Salerno.

And since Salerno's conviction in 1986 on racketeering charges, Gigante has progressed from an acting boss in the LCN to a very powerful leader. He continues to conduct illegal activities for the Genovese family in such areas as loan sharking, illegal gambling, narcotics, extortion, and labor racketeering.

Senator NUNN. Neither he nor Gotti has been convicted, is that right?

Mr. DANIELS. That is correct, Senator.

In the Luchese family, Joseph di Palermo is listed on the Valachi charts as a solider in the Luchese family, and he is currently a capo. In 1962, when Joseph Valachi was a prisoner in a Federal penitentiary in Atlanta, among his fellow inmates were Di Palermo and Vito Genovese.

De Palermo was convicted of a narcotics violation, and was sentenced to 7 years in prison. He was released in 1983.

Moving on the Trafficante family in Tampa, Florida, in 1963 Valachi characterized Francesco Diecidue as a soldier in the Trafficante family.

Now the elderly yet still active Diecidue was considered to be the underboss of the Trafficante family, based in Tampa, Florida, until Trafficante's death from natural causes in March of 1987.

On November 16th, of 1976, Diecidue was convicted under the RICO statute, with the predicate acts being murder and conspiracy. And although he was sentenced to 20 years in prison, the decision was reversed in 1979, and Diecidue was released. And he presently resides in Tampa, Florida.

One of the more interesting charts is the Tucson family. And if you will note, we will put up the old Valachi-Bonanno family chart.

Senator CHILES. You do not have a picture for the Tampa family?

Mr. DANIELS. No, sir, we suspect at this time that Diecidue is the acting boss of the Trafficante family.

Joseph Bonanno, Sr., was the boss of the Bonanno organized crime family in New York from 1931 until his retirement in 1968, to Tucson, Arizona.

He was listed, as you could see, on the charts, the Valachi charts, as the boss. On October 20th, 1964, one day before his scheduled appearance before a grand jury, the boss of the Buffalo organized crime family, Stephano Magaddino, who incidentally is Bonanno's cousin, had Bonanno kidnapped and held him captive for a month and a half in an attempt to resolve longstanding differences.

Following his release, Bonanno voluntarily remained in hiding until May 17, 1966, when he surrendered to a U.S. Judge in Manhattan following an unsuccessful attempt on his son Salvatore's life.

Bonanno was charged with obstruction of justice for willfully failing to appear before a grand jury on the day appointed.

Bonanno has been in custody many times, including once in the 1930s when he was accused of running guns for Chicago gangster Al Capone. Bonanno was not convicted on this charge, but he was convicted in 1945 for violating the wage and hour act, and received a total of a $450 fine.

On January 12, 1981, Bonanno was sentenced to 5 years in the custody of the Attorney General of the United States and fined $10,000 following his conviction for a conspiracy to obstruct justice.

And in November of 1986, Joseph Bonanno, Sr., was released from the medical center for Federal prisoners in Springfield, Missouri, and he had been incarcerated there since September of 1985 for contempt of court.

Joseph Bonanno, Sr., is considered to be now the head of the organized crime family in Arizona.

And Senator, that completes the comparison of what was testified to by Mr. Valachi in 1963 regarding the identification of positions held by various members.

I understand we have a time problem. And I did have something that would show you the evolution of a particular organized crime family. I had selected the Philadelphia family. But I can submit that to you for the record.

Senator NUNN. I think we ought to go ahead and do that. I think we are just going to skip lunch today.

Mr. DANIELS. Okay. I think you will find this informative, and it will show you the process by which a particular LCN family evolved in and through the positions that we had stated earlier, that we had gone through earlier.

As I mentioned, I selected the Philadelphia LCN family. The family was formed by Salvatore Sabella, who had been convicted of murder in Sicily in 1905. He subsequently fled Italy, arriving in Philadelphia in 1911.

This family engaged in the traditional criminal activities of extortion, gambling, loan sharking, bootlegging, and to a small degree, some drug trafficking.

Their activities, however, were confined primarily to Italian neighborhoods in Philadelphia, and to Southern New Jersey.

The LCN family, this Philadelphia family's, presence was visible in a major gang war that raged in Philadelphia from 1926 to 1928. And Sabella, the head of the family, himself, was charged with killing two mobsters in 1929, although he was acquitted. He had to relinquish leadership of this family.

There was a series of bosses, then, from 1929 to 1958, but the criminal activities and the status of this particular family remained constant through 1957 when the then-boss of the gang, Joseph Ida, fled to Italy due to pressure from law enforcement brought on by his attendance at the infamous meeting of crime bosses that Mr. Revell referred to earlier, the Apalachin meeting in Apalachin, New York.

So enter the scene, Mr. Antonio Pollina, also known as Mr. Mig. He succeeded Joe Ida. Now, Pollina felt challenged by a young capo by the name of Angelo Bruno. He was an aggressive capo in the family.

So Pollina approached Ignazio Denaro to kill Bruno. However, Denaro was an old friend of Bruno's, and advised him of Pollina's plan. And Bruno, who had developed a very close working relationship with the New York LCN families, leaders, including Carlo Gambino, who was the boss of bosses, went to the commission in New York. And Bruno was given permission to kill Pollina and assume the leadership of the family.

Well, instead of killing Pollina, Bruno merely took over the family and demoted him. And this was kind of characteristic of Bruno's approach. It indicates why he later became known as the docile don. It indicates—Denaro's loyalty, incidentally, was rewarded when Bruno named him as underboss.

Now, under the leadership of Bruno, the Philadelphia LCN family became the very model of a quiet, prosperous, and powerful crime family. Bruno invested heavily in real estate, casinos in the Caribbean, and a host of legitimate businesses such as vending machines, liquor, food services, as well as automobile and trucking firms.

Bruno did so well he soon became a member of the commission. At the time Bruno became boss there were approximately 70 active members, 58 in the Philadelphia area and 12 in northern New Jersey. In addition to the underboss Denaro, Bruno named Giuseppe Rugnetta to the consigliere position.

There were eight capos who carried out the day-to-day criminal activities of the family. But Bruno had really no interest at this time in expanding the membership, but he utilized many nonmember associates in his operation.

In other words, Senator, at this time in the Philadelphia family's history, the books were closed, as they say.

Bruno's 22-year reign was remarkably free from violence, either toward other members or to outside individuals. The leadership remained extremely stable, changing only as Ignazio Denaro was replaced by Philip Testa and Rugnetta by Antonio Rocco Caponigro.

That latter appointment was to prove a very, very deadly one for Angelo Bruno. When we received information in 1978 that there was a very serious split within the Bruno family, and that internal warfare was likely. The Calabrian faction in the family, headed by

Caponigro, had become increasingly dissatisfied with Bruno's leadership. And their complaints were basically threefold.

They wanted to expand the size of the family. They wanted to open up the books. They felt that Bruno was allowing other LCN families, particularly the Gambinos, to expand their activities into territories that should be exclusively Bruno's turf.

And some of the members within the family wanted to expand their illicit activities to include drug trafficking.

Well, in typical fashion, Bruno attempted to peacefully resolve this problem, and as a conciliatory move, he named Caponigro as consigliere to replace Regnata who had died of natural causes.

Well, rather than resolve this problem, Caponigro's elevation to consigliere authorized him, gave him the authority, to go to the commission directly with a grievance and seek permission to kill Angelo Bruno.

Well, Caponigro had ambitions of becoming the boss. So he did go to the commission with a request to assassinate Bruno. It is believed, however, that he was set up by one of the New York bosses who wanted to eliminate Caponigro in order to take over his large numbers operation.

But Caponigro was led to believe that he had the authority to kill Bruno. And Angelo Bruno was shotgunned to death on March 21, 1980, as he sat in a car in front of his residence.

And within weeks Caponigro, his brother-in-law, Alfred Salerno, capo John Simone, member Frank Sindone, and John Stanfa, who was driving the car in which Bruno was murdered, were summoned to New York.

Retaliation for the unauthorized murder of fellow commission member Bruno was swift and brutal. And shortly after the New York meetings, all but Stanfa were murdered.

Bruno's underboss Philip Testa succeeded him and named Nicodemo Scarfo his underboss, and Frank Monte as consigliere.

Testa also opened the books, and he began making new members, including his own son, Salvatore, and Scarfo's nephew, Philip Leonetti. The significance of this was, these individuals were still in their 20s when they were made.

But unrest continued in this family. And some, including capo Frank Narducci and former capo Peter Casella, thought they were being treated unfairly.

So Casella recruited two individuals, Rocko Marinucci and Ted DePretoro, to kill Testa. And on March 18, 1981, they succeeded in detonating a bomb on Testa's front porch as he was returning home, and Testa was killed.

Casella fled to Florida and died of natural causes, while Narducci and Marinucci were murdered. DePretoro became a cooperating witness out of fear for his life. After Testa was killed, the commission approved Nicodemo Scarfo as a new boss, and he in turn named Salvatore Merlino underboss and Nicholas Piccolo, consigliere.

If you look at the Philadelphia chart, you will see basically that is where we are today.

Under Scarfo's leadership, the family changed radically. He characterized himself, in contrast to Angelo Bruno, by stating: Bruno was a racketeer; I am a gangster. Under Scarfo's leadership, scores

of new members were initiated, as I mentioned, many of them still in their 20s. And young Turks such as Sal Testa and Scarfo's nephew, Philip Leonetti, rose to positions of influence with little or no experience.

And Sal Testa rose quickly because of his close association with Scarfo. He, too, was subsequently murdered.

In 1987 Scarfo was convicted for attempting to extort $1 million from a Philadelphia developer with the cooperation of Philadelphia councilman Leland Beloff.

Scarfo is currently serving a 15-year sentence as a result of that conviction. He is also on trial for the murder of Salvatore Testa. And later this year he will be tried, along with the entire hierarchy of the family, under the RICO statute, involving predicate offenses of murder and extortion.

Former capo Thomas Del Giorno, and former soldier Nicholas Caramandi, will testify for the government at that trial.

Thank you, sir.

Senator NUNN. Thank you, Mr. Daniels.

Do you want to go through any more of these charts right now?

Mr. DANIELS. No, sir.

Senator NUNN. Mr. Daniels, if I could ask you one follow-up question before you complete your testimony, we have heard the LCN is changing, that we have a new breed of soldier: greedier, higher profile, more undisciplined, more prone to violence. Do you agree with that? And do you believe we have a standard operating procedure that is consistent with the past, or do you think we are entering into a new period?

Mr. DANIELS. I think the new breed of soldiers, Senator, is younger and more aggressive than in the past. However, because of their youth, they do not really have the old established lines of communication within the family, or with other LCN families, as the older, more experienced breed had. This inexperience makes the new breed more visible and, therefore, more vulnerable to prosecution.

We have seen, however, more involvement by the new and younger breed. They are more willing to become involved in drug trafficking. Obviously, through death, incarceration or retirement of the older members, we have to consider this new breed as a major factor in the future.

Senator NUNN. Thank you.

We will go to questions for all of our panel now.

Judge Sessions, I notice on page 6 of your statement you state, "The resulting intelligence not only identified the probable coconspirators responsible for the Hoffa disappearance, but identified LCN influence and domination of some major international labor unions and numerous locals throughout the country."

On the question of the Hoffa disappearance, has the FBI established the reason for it? And have you established the conspirator or conspirators in that?

Judge SESSIONS. Senator, I am informed that there are a number of possible identifications of people involved in that, and the reasons generally for it being, as I understand it, that there was an expression shortly before his death that he intended to purge the

organized crime families from the union activities in the Teamsters. But that is the information I have, sir.

Senator NUNN. Are we likely to get indictments in that area at some point?

Judge SESSIONS. I would not be prepared to comment on that. I will investigate that and do it for the record for you, sir.

Mr. REVELL. The individuals that we believe are responsible are, I believe already incarcerated, but for other charges. It is doubtful at this point that we will ever have sufficient evidence to bring them to trial. But as I said, they have been convicted on other crimes.

Senator NUNN. In other words, you believe you have information that gives you sound reason to conclude that you have identified the perpetrators, but not sufficient information to bring indictments and criminal prosecution?

Mr. REVELL. That is correct.

Senator NUNN. Judge, in your statement, you mention that you believe that by building on recent successes the LCN can be eliminated as a criminal threat to the marketplace. Let me just go through some of these field reports, because you are talking about future tense, and some of these are talking about present tense.

Judge SESSIONS. Yes, sir.

Senator NUNN. I think that we ought to make it very clear as to where we are now in contrast to where you hope we will go.

These are the FBI field summaries which have been submitted for the record this morning.

In Chicago, Illinois, "There have been many successful prosecutions involving LCN members. Prosecutions like those brought in Kansas City, New York and Chicago have caused the imprisonment of high-level LCN members. These investigations had a tremendous impact on the hierarchy of the Chicago LCN but had little effect on LCN-related criminal activity. This was due to the fact that the LCN was left with its assets and its structure intact. Therefore, other LCN members were simply promoted to replace those who have been incarcerated."

The field office from Detroit, Michigan: "Criminal prosecutions of the LCN in Detroit during the past 10 years have had little impact on their overall activity."

Kansas City, Missouri: "During the past 10 years, the impact of criminal prosecution on the activities of the LCN in Kansas City has remained relatively unchanged. Although significant statistical accomplishments and high-impact achievements have occurred resulting in these convictions in Kansas City of LCN bosses and members, it is the opinion of Kansas City the beat goes on. Replacement personnel have filled the vacuum left by conviction, and the criminal enterprise continues."

Los Angeles, California: "These prosecutions have caused a decrease in the overall criminal activity of the Los Angeles LCN family. However, these prosecutions had no impact on the LCN members from other LCN families who have relocated to the Los Angeles area. The criminal activity of those groups is believed to have remained constant."

Miami, Florida: "During the past 10 years, the activity of the LCN in Miami does not appear to have diminished in spite of the criminal prosecutions that have taken place."

Newark, New Jersey: "Despite the significant criminal prosecutions of various members of the Genovese LCN family in New Jersey over the past 10 years, the influence of the Genovese family has at worst remained stable. The Genovese LCN family has a huge operation in New Jersey, and its structure has essentially remained intact despite the removal through prosecution of many significant members and associates. Also during the same time period, criminal prosecutions of organized crime have impacted on the Decavalcante LCN family to such a minimal degree that their overall activity has remained unchanged and may even have increased."

So these reports suggest that we have a long, long way to go. Now, how do you reconcile your, I would say, relatively upbeat statement with these statements from the field offices of the FBI that indicate that we still have major, major problems?

Judge SESSIONS. What you have read from are FBI summaries which would indicate to you the FBI does not play games with itself. It takes that information, tries to truly evaluate it very carefully, and decide whether or not it is having an effective pursuit of investigative and enforcement technique or not. Mr. Revell referred to that evolving procedure that allows us to perfect what could not be done before.

For instance, the transition under the RICO statutes to effectively go after single enterprises was an evolving technique. My own observation of it leads me to believe that because we have now evolved in December of 1987 with our new organized crime national strategy, we will be able to, by consolidating our gathering of information, by our acting on that information as it relates to individual families, by dealing with it in a national strategy, be able to do through that strategy what has been done before in connection with the enterprise theory. That is, to expand the enterprise theory to actually encompass a national scope.

The work towards that or the plan for that was very carefully delineated to our SAC's. We are proceeding with very definite objectives in that area; and I believe if history can be repeated in connection with the enterprise theory, that on a national scope, we have hope and expectation of being able to make tremendous inroads into the LCN.

Now, all morning long we have been talking about the progression of family members up through the ranks through various causes and to effectuate various opportunities the LCN saw. It seems to me that in any structure it is impossible to actually stop that. It is the natural evolution of any organization. But I believe by our effective taking out of the top and pursuing the top on a national basis, we have a hope to be able to do that.

I would say this: It is the last or the latest in our evolving ability to be able to deal with La Cosa Nostra.

Senator NUNN. Thank you, Judge Sessions.

Senator Roth?

Senator ROTH. Thank you, Mr. Chairman.

Let me follow up with a question on exactly how RICO works. Now, as I understand, what you try to show is a criminal enterprise.

Judge SESSIONS. That is correct.

Senator ROTH. Once you show that there is a criminal enterprise, to what extent can you be successful in prosecuting the members? We have these organizational charts. You show that there is a criminal syndicate. Can you prosecute, say, a soldier who has taken the vow of silence by merely showing that he is a member of that criminal enterprise, or does something more have to be shown?

Judge SESSIONS. If, in fact, you have the predicate violations that have been committed by that organization, you can take virtually any level of the organization. But the intent is generally to deal with the leaders who are actually driving that enterprise. So, generally, it is at an upper level. But either Mr. Revell or Mr. Daniels could expand upon that for you in particular cases, Senator.

Senator ROTH. Let me just emphasize one point, because as you talked about this upward mobility—as I said, it sounds like a corporate chart. Why isn't it worthwhile to try to prosecute the soldiers? Because it seems to me that from time to time we have been pretty successful in indicting and convicting key members. But what we really want to do is destroy the syndicate or enterprise itself. So why wouldn't it be desirable to try to get everybody, from the soldiers on up.

Judge SESSIONS. Let me answer in part generically. I think, of course, the gathering of intelligence and the building of an intelligence base—that is, identification of the people and the crimes in which they are involved as single criminal acts—is very important. And their association with the enterprise is very important. But many times, as Mr. Daniels indicated, there are many buttons; there are many soldiers. It is hard to precisely identify those who will rise to the top.

At the same time, they are available, and they are being prosecuted singly for criminal acts. But the RICO statute is designed to comprehensively deal with the enterprise. As Mr. Revell indicated, Professor Blakey said we are not taking and making the maximum use of what has been given to us.

So I would say that, again, we are looking at top levels, but there is no reason to exclude any person at any level.

Senator ROTH. I did not mean to interrupt you.

Mr. REVELL. I just want to say, Senator, that we indeed do want to prosecute all of the members of the conspiracy. But many times we will forego the prosecution for a period of time, unless there are violent acts involved, in order to build the entire case against the enterprise. We can have a number of predicate acts against individual members, and we will weave those into the overall conspiracy under the RICO statute and prosecute the entire enterprise.

I think the best example of that is the recent prosecution of the Colombo family in New York where we brought in the entire cement workers union and so forth and went after several layers of the Colombo family and several layers of the various unions and associated businesses, where they were, in fact, controlling an entire industry in that particular geographic region.

Senator ROTH. One further question in this area, and then I want to move to another. You talked about the Commission, which, as I understand, is normally made up of the bosses of the various families.

Now, if you show that the Commission is a criminal syndicate, would that be adequate proof to indict all the various families nationwide?

Mr. REVELL. We convicted the members of the Commission itself and several of their ranking lieutenants. But we always have to show specific crimes for individuals. Unlike Italian law, we cannot convict them for simply belonging to a prohibited organization. We have to be able to tie specific criminal acts to each individual, either through conspiracy or the overt commission of those acts.

Senator ROTH. Let me ask this then: Should the law be modified so that if you show a person is a member of a particular family, has taken the vow of silence, and that the organization is involved in crime, that would be sufficient to charge that person, or do you see problems there?

Mr. REVELL. I think that is fraught with peril.

Senator ROTH. Fraught with peril.

Mr. REVELL. Yes, sir.

Senator ROTH. Let me ask you this question, Judge Sessions: As you well know, the American people are particularly concerned about criminal activity involving drugs. To what extent is the traditional LCN involved in this kind of activity? Can you quantify to what extent it is involved in drugs? Organized crime is said to be a $100 billion business. Is it all drugs—as I understand, mainly heroin?

The second part of my question is: To what extent are these other emerging criminal organizations—the Japanese, the Chinese or motorcycle gangs—a major factor in drug dealing?

Judge SESSIONS. Let me speak to it generically and then ask either Mr. Revell or Mr. Daniels to speak to it specifically about that involvement.

You know that in 1982 the Bureau was given, for the first time, Title 21 jurisdiction, and the experiences that we had in connection with that have brought us to the point in 1987, shortly before I became Director, where the drug war was given a priority status. When that happened, it meant that it called upon even greater resources than we had to deal with that.

The reason that it became a priority was the recognition, on review of the summaries and on review of the involvement of the families, that virtually everything we tied into in the organized crime area began to involve drugs. And so we began to find that the organized crime effort and the drug effort had to be tied together, and were, of course, intertwined almost inextricably.

What happened prompted the separation of the drug effort into a separate section. So we have an organized crime effort and a drug effort, but both in the Criminal Investigative Division.

Now, as to the involvement of other groups—that is, non-LCN—there is no question at all that they are invading heavily and continually the drug scene. As to the intertwining of LCN and the use of other organized crime efforts non-LCN, I would ask for either Mr. Daniels or Mr. Revell to talk specifically about that.

Senator ROTH. Very good. Mr. Revell?

Mr. REVELL. The LCN has had individual members for many, many years that have engaged in drug trafficking. Certain families have had prohibitions against drug trafficking not because of any sort of moralistic approach, but simply because they thought it brought too much heat to the family. But even with those families, individual members were, in fact, trafficking in heroin.

The heroin brought in by the LCN and the Italian Sicilian Mafia generally would run about 1/3 of the total volume in the United States, with the other 2/3 being Mexican heroin primarily into the southwestern part and the West Coast, and then also the Chinese Triads and their distribution networks particularly in the major cities.

Both the Pizza I and Pizza II cases, as well as associated DEA cases, have shown that there is substantial volume to this activity. I believe Pizza I tracked about a billion-and-a-half dollars worth of imports of heroin, and even more probably in the totality of the Pizza II Connection.

These particular cases will not put the Italian organized crime groups, nor the LCN, out of business. It will cause a tremendous disruption in their activity. But we have also seen individual members connected with outlaw motorcycle gangs in the distribution of methamphetamine. We have seen particularly the Philadelphia family involved with distribution of methadone. We have seen now the exchange of heroin for cocaine.

So these organizations are in business for profit. They are going to turn to wherever the profit is the greatest in order to get a return on their investment. We should not in any way believe that there is any sort of philosophical prohibition against their involving themselves in any of these activities.

Senator ROTH. What kind of cooperation are we getting from foreign governments? You not only have the problem with Sicily, but with the Chinese and the Japanese as well.

Mr. REVELL. The Italian Government has been exemplary in their cooperation. From 1982 forward, when we started this joint relationship, it has just been phenomenally outstanding. We could not have had either our cases or the Maxi trial in Palermo without this case-specific exchange of official type cooperation.

We get a great deal of cooperation out of Hong Kong in dealing with the Chinese Triads. We get a great deal of cooperation, particularly DEA does, out of Thailand. I think you are all aware of the problems we have in South America with the governments that even want to cooperate having an inability to cooperate. The Colombian cartel, the Medellin cartel, is probably the most powerful drug trafficking group in the world today. Frankly, the Government of Colombia has a difficult time in dealing with it.

There are other areas of the world where cooperation is not as extensive, and where, in fact, various levels of Government up to the leadership have been corrupted by the drug traffickers.

Senator ROTH. Let me go to another area. There are some who indicate that the capability of the LCN to dominate certain unions is fundamental to their success, that the skimming off of funds from various programs is basic to their growth and success. Judge Sessions or your colleagues, would you care to comment on that?

Judge SESSIONS. I believe that you are absolutely correct, Senator. That is a prime area where, along with corruption, the LCN is able to spread its tentacles throughout the United States, and through the workings of and domination of the leadership of the unions is able to do that in those specific instances where it is involved.

I will ask either Mr. Revell or Mr. Daniels to comment on specifics, if you would like to hear those.

Senator ROTH. Yes.

Mr. REVELL. Four national unions are substantially dominated by organized crime. Obviously, the International Brotherhood of Teamsters, which has been well documented, the Hotel and Restaurant Workers Union, the International Longshoremen's Association, and the International Laborers' Union have a significant degree of organized crime involvement and, in some instances, specific domination of their leadership activities.

That makes available their pension funds, their health and welfare funds, contract relationships, all for corrupting activities. It is in that area that I think that the LCN is sustaining itself even above and beyond its gambling and drug trafficking.

Senator ROTH. We had, as you know, extensive hearings on the Teamsters under Chairman Nunn many years ago, and of the hotel workers when I was Chairman. But are you saying you do not think any real progress has been made in ridding those representatives of workers of domination by organized crime?

Mr. REVELL. No, sir. I think we are making progress. I think the trusteeship of Teamsters Local 560 in New Jersey, I think the movement by the Government to use the civil aspects of RICO to prohibit involvement by organized crime figures in labor union activities is an outgrowth of our specific criminal information. And I believe that the Government has to sustain that over a long period of time.

It took 30 to 40 years for the LCN to infiltrate and come to dominate these unions. Now, we do not have 30 to 40 years to remove them, but it is going to take some little period of time to, in fact, bring these cases and to prohibit these individuals from further control of these unions. But that is under way.

Judge SESSIONS. The use of the trustee provisions in those cases is significant as well because it means the union will be able to carry on its business without the effect of that leadership being in place. Now, I think that is significant use of a statutory capability.

Senator ROTH. My last question for this round is that we often hear that organized crime families continue to be run from the prisons; that you can incarcerate a boss but it does not prevent him from effectively still directing his family's activities.

Is this true? And if so, why? What can be done to prevent this from occurring in the future?

Judge SESSIONS. I could not comment as to whether it is absolutely true. Either Mr. Revell or Mr. Daniels may be able to. But I would say this, Senator: As we all well know, the fact that LCN members are incarcerated, they do not give up their right to communicate. And, of course, it is very difficult to be able to inhibit that particular communication capability. So as ingenious as an LCN member might be if incarcerated, or a drug dealer might be if

incarcerated, to be able to find the investigative techniques that will meet that and be able to get the intelligence and the information to be able to stop it is not easy. But I would say that it is one of those things that you need to always pursue, because we know that the prison wall does not necessarily stop the ability or inhibit the ability of a leader to continue his activities.

Senator ROTH. My time is up.

Senator GLENN [presiding]. Thank you, Senator Roth.

I am concerned about what we can do at this end of the avenue to help this whole process along. On page 24 of your testimony, you indicated some areas where you felt legislation was needed. You talked about how we need a conspiracy provision in Taft-Hartley; you indicated some changes were needed in U.S. Code Title 18; you indicated we need a civil forfeiture process under RICO; and changes in other laws, including the Controlled Substance Act, child protection laws and Money Laundering Controls Act.

Is that a complete list or do you have a wish list that you would like to see us work on at this end of the avenue? This is something we need to do here to help you in your efforts. And before you reply, if there is not such a list, I would request that such a list be formulated and sent to the Committee so we can take some action on this.

Judge SESSIONS. Senator, I am grateful, because there is not in existence a wish list, but there are a lot of wishes. And you have gotten some of those. I might enumerate them for you, and then with the right to edit for the record and send specifically to you, I would add all those.

You had indicated that you were aware of our request for conspiracy provisions to be added to Title 29, United States Code, Section 186 concerning the conspiracy provisions for the Taft-Hartley Act. To be able to add in those conspiracy provisions might be extremely helpful.

You mentioned the forfeiture provisions as to civil RICO; that is, being able to add to the criminal statute similar provisions that would allow us, without having to wait for the conviction and the finality of that trial, to be able to attack assets. That could be extremely helpful.

We talked specifically, and you mentioned just now, the amendment of Section 1952 of Title 18, United States Code, to be able to attack moneys that are coming into the United States from outside activity and being invested in the United States in legitimate or other activities in the United States. In other words, to be able to deal with incoming money in a fashion that was compatible with what would happen in the United States with that same kind of money, that same kind of activity.

Additionally, we have talked about—and I will carefully try to delineate it—in connection with our need to gain information that flows from the grand jury process. You know now that under a judge's signature, at the time that information is developed before a grand jury, the United States attorney is enabled, if he chooses to, to disseminate information to other law enforcement agencies that are appropriate under that circumstance. Now, if, in fact, we had that capability without, for instance, the necessity of pursuing a permission by a court, it might be very helpful.

We are looking at the possibility of the suggestion to amend Title 28, Section 524(c) of the United States Code, to permit the use of the proceeds of forfeited property to support our automation initiatives. We talked about that; we know we have tremendous needs. We know so much of what we do needs to have a common and strong intelligence base, and to fund our automation processes is a very expensive process, as I am sure you are well aware. So that is a possibility.

We looked at the possible need to be able to have legislative assistance to allow us to lease space without disclosing the Government's involvement in a particular case. That is, again, a very sensitive area, and yet many times we are caught waiting in our need to be able to have an investigative technique applied through the use of leased space that might give us proximity to particular activity.

We have talked about the necessity of being allowed to issue appropriate administrative summons so that we would be able, without going through the grand jury processes, by the issuance of summons to gain material before otherwise we could get hold of it. That, again, is a very sensitive area. But I would like to discuss the possibility of that with you.

Senator GLENN. Good. And if you can, give us a complete and detailed list. We will not have time this morning to go into a lot of questions on details of specific legislative proposals other than just as you have enumerated these. But if you can give us a paper on that, I would appreciate it very much and I am sure the Subcommittee would find it valuable. We could perhaps propose some of the legislative items that you think would be of help.

Judge SESSIONS. Thank you, Senator. I would look forward to that opportunity to do exactly that, sir.

Senator GLENN. Just following up on that a little bit, though, you mentioned the ability of the U.S. attorneys to do certain things and to release certain information there. Does the new directive from the Attorney General downgrading the independence of the OCR strike forces give you any difficulty? Because Mr. Meese is giving more authority to U.S. attorneys. He is cutting back on the autonomy and power of the strike forces, as I read his directive. He is cutting back on some of the authority to conduct this under a more centralized umbrella—under the Organized Crime Strike Force chief, and Mr. Meese is giving some of that authority back to the individual U.S. attorneys.

Is that a good move, in your estimate, or not?

Judge SESSIONS. Senator, you know I come from a background of having been a United States attorney, and I have great faith in their abilities to properly pursue those things. I do not view the FBI as being impaired in its ability to carry out its investigative function. I would say this: In connection with the 6(e) comment I had a moment ago, all United States attorneys approach things differently, even though there are guidelines from the Department of Justice. Some move more quickly than others. Where there are organized crime and drug enforcement task forces, we have found that there is significant contribution by the United States attorney in that leadership, and that all of the agencies that are involved in those task forces are very vital and very involved.

So I really do not see an impairment to the FBI's mission by that move. Either Mr. Revell or Mr. Daniels may have specific instances they know of where there is impairment, but I see none.

Mr. REVELL. Senator, if I might comment just a second, the Criminal Division will maintain oversight over the use of the strike forces, and we have appeal to the Criminal Division of the Department on any individual decisions by U.S. attorneys that we think might be either inappropriate or not sufficient to meet our needs.

So what this attempt was was to have better coordination between the U.S. attorneys, who are more and more involved in the prosecution of organized crime and the strike forces, to make sure that there is an adequate degree of cooperation and coordination.

If it works that way, I think we will be better off. If it does not, we will probably have to revisit it.

Senator GLENN. Well, okay. I do not disagree with the need for adequate coordination, but I think the reason we set up the centralized organized crime strike force some years ago was because we did not have sufficient organized crime prosecution at the local level. Such prosecutions have worked, and it has been improved when specific problems are confronted and overcome. Now, there is a reversal of this policy. And we are going to send all that authority back to the U.S. attorneys.

Maybe the situation has changed. Maybe that is what we need to do. But we set up the centralized organized crime section because there was a need to set it up. Now, we are disassembling that, and we are sending it back to the way it was before. The U.S. attorneys will be in charge of personnel evaluations of strike force attorneys. I think we are going to have to look pretty carefully at that and watch how it works.

Mr. REVELL. It is not being disassembled. The strike forces will remain in place. They will be still staffed by career attorneys. What they do have to do is coordinate their activities under the overall leadership of the local U.S. attorney. But, again, we have a means to essentially remedy any particular problems in that process. So I think that there is built into it a better coordination, and if we do not see the intervention of unforeseen consequences, it should work all right.

Judge SESSIONS. Senator, if I might comment further.

Senator GLENN. Yes.

Judge SESSIONS. It is obvious, and we all know, that the end product from the organized crime drug enforcement task force, or from any investigation by the Bureau, its end product is in prosecution in a court. And, of course, the United States Attorney's Office is the vehicle by which that is done.

So I presume that the direction of the Attorney General to do that—that is, to bring back under the leadership of the United States attorney—was designed to be sure that the end product that we brought to the United States attorney for prosecution, both from the task force and otherwise, was the kind of product that would result in a successful prosecution.

Senator GLENN. Okay. Let's turn to whether you have the resources to do the job. You mentioned on page 15 of your testimony and also on page 22, you allude to "if you had the resources"—I do not have the exact language here, but you indicate that you per-

haps might need additional help. I would ask on your budget request, have you received the funding you wanted on your budget request? If not, why not?

Judge SESSIONS. If I could go to the 1990 budget proposal, you know, Senator, that I have alluded to the fact that we now have and have in place a national organized crime strategy. In order to be able to do that, it will require in the 1990 budget that we come forward with substantial resources.

Senator GLENN. How about in past budgets here in the past couple of years? Have you received what you asked for?

Judge SESSIONS. We have received in the budget process not precisely what we asked for, but you know that we are asking for additional support personnel this year. We did not ask for, before the Congress now, additional resources on agent strength. But we will be coming forward with that in 1990 under the national drug——

Senator GLENN. How much were you cut back in the last couple of years' budget from what you asked for, from what your original request was?

Judge SESSIONS. The original request that came forward is less than—and I could give you the specifics, Senator. I cannot do it right now, but I will give it to you for the record. You know that when we came on line in 1982 with the Title 21 jurisdiction and the OCDETF, the Organized Crime and Drug Enforcement Task Forces, were built, we manned that and gave agent years to that, some 400 agent years to it out of our own resources. Thereafter, after several years, that was funded to the extent of and staffed, with 400 plus agents.

We still commit to the drug involvement over a thousand agent years. That came out of the Organized Crime in large measure. We scrape for them wherever we can find them. So in the last several years, we have cut back.

Senator GLENN. My time is up here. I only have 10 minutes here.

Judge SESSIONS. I did not mean to be verbose.

Senator GLENN. But I would like to know, do you feel you have the money to do the job? You are sort of running around my question here a little bit, with all due respect.

I want to know whether you have the money to do the job or not, and do you need more cash to do it?

Judge SESSIONS. We will need more cash to do it, and we will need more people to do it.

Senator GLENN. How much of an increase do you need? A fourth? A third?

Judge SESSIONS. We are looking at approximately 25 percent in terms of in the 1990 budget. That is correct, sir.

Senator GLENN. Nineteen-ninety budget. How about this year? Are you funded this year a third under what you feel your optimum would be, or a half, or a quarter, or what?

Judge SESSIONS. Senator, you are, of course, extremely familiar with the budget process, and you know that we came forth through the Department of Justice with our budget request. If I had my wish list, and if I were to be able to undertake the implementation of the national organized crime strategy now, it would require additional people and additional funding. That is correct.

Senator GLENN. Well, I am trying to work at this end of the avenue to get you some help, and I am not getting an answer as to how much you need here.

Judge SESSIONS. Well, let me talk in terms of what we anticipate in 1990, because the 1990 estimate was, in fact, based upon the national organized crime strategy: 222 agents and 110 support staff. That is what we anticipate will be required to enable us to do that. That is approximately a 25 percent increase, sir.

Senator GLENN. Okay. Thank you. My time is up.

Judge SESSIONS. I appreciate your interest in that.

Senator GLENN. Senator Chiles?

Senator CHILES. Thank you, Mr. Chairman.

Judge, I want to congratulate you and the Bureau for the great success you have had in the Pizza Connections I and II. They certainly were major successes.

Who, in your view, has control of the cocaine enterprise in the United States today? Do organized crime groups have the greatest percentage? If not, is it the Colombian and Cuban cartels? How does that break down?

Judge SESSIONS. As you well know, they come from the sources in South America, by and large. Those are the Colombian, the Mexican, and the Cuban cartels, that is correct.

Again, Mr. Revell may be able to expand upon that, but that is my understanding.

Mr. REVELL. We have identified in excess of 100 Colombia organizations involved in the primary importation and distribution of cocaine. The Medellin cartel, that group that is most notorious, generally is involved in the primary supplying of cocaine to each of these organizations. In the United States, the Colombians provide cocaine to a number of other organizations which then distribute it throughout the United States and down to the local level.

I do not believe there is any intelligence that we hold or that anyone else, including DEA, holds that there is any one individual in charge of this importation and distribution. It is a multi-faceted and multi-organizational operation.

Senator CHILES. What influence has the increased presence of the Jamaican posses and the Haitian crack syndicates had on control of drugs in the United States?

Mr. REVELL. The Haitians are becoming primary distributors of crack. They have come into the United States, most of them, with significant criminal records. They are extremely violent. They have an organizational apparatus. They call themselves posses. Many of them have been involved in drug production and distribution in Jamaica before they came here.

They are a significant emerging factor. They certainly do not control the importation and distribution of cocaine into the United States, but they are a significant factor in its distribution, particularly in the form of crack.

Senator CHILES. You mentioned the large number of murders associated with these groups. Are they instigated from within or without?

Mr. REVELL. They are primarily over turf, over who will control distribution in a particular area and/or individual disputes over particular deals or operations.

Senator CHILES. Well, as you know, these people are aliens to start with. In addition to that, many of them are, as you said, very violent people, and many of them have been convicted of felonies here or have previous convictions in their countries. I do not know that I heard you list it, Judge, but would it be helpful if we had laws dealing with alien felons as opposed to just aliens? We could then direct a swifter process from INS, whether we want to deport these people, or whether we want to sentence them first and then deport them, but to deal with them on a different basis than a typical alien?

What I find in my State is that these people, many Haitians or Jamaicans, travel from Tampa to Orlando. They have many aliases. They make bond, and they walk. INS is trying to keep track of them. But we are now treating them like all of the other aliens in this country.

Do we need some legislation in that regard?

Judge SESSIONS. Senator, I think you are perceptive. I know that it is an extremely delicate process because America opens its arms to people who come to our shores, and we know that. At the same time, where there is a felony conviction, and the process that is taken under that one is so belabored and so long and so time-consuming and so long to be effective, I think that kind of legislation, carefully balanced, would be a tremendous help to law enforcement.

It is a very delicate area because we know that we want to be sure that due process is afforded in all those instances. And it is hard to do that.

Senator CHILES. Well, I have introduced a series of bills, five or six, in that regard, dealing with how we deport them, how we deal with them. And we are going to hold a hearing; I think the Judiciary Committee has finally agreed to a hearing this Thursday. I would like to have you all look at that legislation, and I would like to have any comments that you may have.

Judge SESSIONS. Thank you, sir. I appreciate that. Do you have the number of it there, or can you furnish that for me, sir?

Senator CHILES. They are S. 962 through S. 966. Five bills, I think.

Judge SESSIONS. Thank you, sir.

Senator CHILES. I wanted to ask you, it seems like in the recent case that you had that there was a bartering of cocaine for heroin. My understanding is now that some of the cocaine that is going to Europe is transported through this country.

Would you say we have reached a point where we almost need to declare ourselves a transit country, a definition that the State Department now uses or that we use in looking at other countries as to whether there is major transit of drugs through them? For cocaine, are we a transit country?

Judge SESSIONS. Senator, I was not familiar and am not familiar with that definition of the State Department, but I will say this: We know that the Sicilian Mafia, in connection with that particular case, was bartering heroin for cocaine that came from South American sources through the United States. But that was the Sicilian Mafia.

Senator CHILES. We have not tried to put a pound or a kilo definition on "transit country." But I think it says significant volume of narcotic substances. We are now looking at whether Haiti and Honduras should be considered transit countries.

Judge SESSIONS. Mr. Daniels may be able to speak more directly and effectively to that, sir.

Senator CHILES. Yes.

Mr. DANIELS. We are, in my opinion, becoming a transshipment country only because of the reason that the cost of cocaine in the United States has dropped considerably in the last 3 or 4 years. You can probably purchase a kilo of cocaine retail for approximately $20,000, wholesale much cheaper on the streets of Miami.

Senator CHILES. Much cheaper, right?

Mr. DANIELS. Yes. We are talking maybe $8,000 or $9,000 wholesale.

In Europe, of course, the price of cocaine is still selling for $50,000 to $55,000 a kilo. So, consequently, it stands to reason that the market is much better in Europe than it is here for the Colombian traffickers.

Senator CHILES. Well, what kind of connections do the Colombians' Medellin cartel have with the LCN? Is it a formal tie?

Mr. REVELL. These are ad hoc relationships that develop on the basis of mutual needs, the need to distribute the supply and the need to have additional drugs in the inventory. So these relationships generally are through introductions by mutual criminal associates. They develop very gingerly over a period of time; and then once they are connected, they operate rather extensively.

Senator CHILES. Knowing of your intelligence and work that you have done on the major LCN and organized crime, what kind of intelligence do you have on the syndicates led by the alien felons? I am talking about now primarily the Haitian and Jamaican networks. Can you identify those people, the bosses?

Mr. REVELL. The greatest amount of work in that area has been done by some local police departments, including Kansas City, Chief Joyner, and by ATF. We have instituted on the basis of more recent information——

Senator CHILES. The Orlando Police Department.

Mr. REVELL. Orlando Police Department. There are a number of police departments around the country who have done an excellent job in identifying the activities of those Jamaican posses, and the ATF, because of their involvement particularly in automatic weapons, has done a great deal of intelligence collection.

We have started that process on a nationwide basis, but we are not as advanced at this point as I would like to tell you that we could be.

Judge SESSIONS. Senator, in that regard, you know, of course, DEA has international drug trafficking information, and Mr. Lawn of the Drug Enforcement Administration might well be able to provide that information for you.

Senator CHILES. Yes. Judge, in the strategy that you are talking about, that you are hoping to begin to implement in the 1990's when you are seeking this additional funding——

Judge SESSIONS. We are now implementing it.

Senator CHILES. You are now implementing it?

Judge SESSIONS. Yes, sir.

Senator CHILES. All right. How do you include in that strategy the attack on these crack and cocaine posses and movements that are coming in primarily through South and Latin America?

Judge SESSIONS. Of course, the national drug strategy deals with that. I also indicated to you that along with the organized crime national strategy, Mr. Lawn of the DEA and I on behalf of the FBI put together in January what has been called the Joint Drug Plan, which is a beginning to deal with those matters beyond the normal that are cited in particular cities. We have taken and designated New York, Miami, Chicago, Houston, San Diego and Los Angeles as being either Level 1 or Level 2 cities where the DEA and the FBI will have full cooperation in identification of those targets and those organizations that are dealing directly in those cities, and the input that comes from other areas of the country into those cities.

So we are hopeful that with that kind of intense gathering of intelligence and dealing cooperatively in those major cities, we will be able to have an impact on organizational structures which are dealing not only in heroin but in cocaine and in crack as well, and whatever else comes into our sight that is being dealt with by major organizational structures.

Senator CHILES. Judge, I know heroin has just always struck us as this terrible drug. I know you now know that crack with young people is more devastating than anything we ever thought of with heroin.

Judge SESSIONS. It is so readily available.

Senator CHILES. Readily available, readily addicts people, and causes a terrible kind of addiction or high that they will literally steal or kill for, all make it, to me, the most terrifying drug that I have ever seen. So I hope we will not lose sight of that as we have to try to look at these key organized crime features. But trying to get control over how we can stop crack in all of the small towns around this country, in my State and other States as well, and all the school grounds, I think is a major, major problem.

Judge SESSIONS. What I probably said poorly, Senator, was that I believe that it is incumbent upon every agency to apply to its jurisdiction the type of investigation or activity that can be most effective.

Senator CHILES. Right.

Judge SESSIONS. And the belief is that the Bureau's contribution can be at the stage in the area that we are discussing right now; that is, enterprise organization type of investigations, long-term surveillance intensive, where we can be effective at that level. We cannot do those at street level as well. It is impossible.

Senator CHILES. Right. I understand that. I understand that well.

I would like to have you make available to me what you can of the plan that you are talking about.

Judge SESSIONS. I would be pleased to do that. It may actually be part of the addition, but I will be glad to give it to you and discuss it with you in detail, sir.

Senator CHILES. Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Chiles.

Senator Mitchell.

Senator MITCHELL. Thank you, Mr. Chairman.

Judge, I would like to begin by inquiring in some more detail than we have had previously about the policy or the attitudes of the LCN families toward drug trafficking. You touched on that briefly in your written statement, and I will just read a few sentences from that and then ask some questions based upon that.

You said, "Allegedly, major LCN figures ratified an edict prohibiting the involvement of LCN members in drug trafficking at the famous Apalachin, New York, conclave on November 14, 1957."

Judge SESSIONS. That was my understanding.

Senator MITCHELL. "LCN witnesses such as Angelo Lonardo and Vincent Cafaro affirmed that the drug prohibition remains the rule in most, if not all, LCN families. However, the FBI intelligence base and court records identified 292 LCN members as having been engaged in drug violations. Of the 25 identified LCN families, 19 of them have at least one member who has engaged in drug violations."

My question is: Do you have any evidence, given the numbers of persons and families that are involved, of any change in the policy that was allegedly established back at that conference? That is, of a greater willingness on the part of the families to engage in drug trafficking?

Judge SESSIONS. I cannot talk of it with specificity, but Mr. Daniels can. But I would say this: It is obvious that there has been a departure from that pact and that there are tremendous sources of income that are available to particular families. And given the opportunity, it is obvious they have departed.

Mr. Daniels or Mr. Revell may be able to speak with specificity.

Mr. DANIELS. The LCN, Senator, going back to 1957 in Apalachin, wanted to restrict the members from trafficking in drugs for two basic reasons: Number one, because I think they, the oldtimers of the family, firmly believed that this was a scourge, this was a plague. The second reason, and probably more important, was that they understood the amount of heat that drugs at that particular time could generate from law enforcement.

Now, since 1957, as we have testified to, we have had a change in the LCN as far as the membership is concerned. And we know that where there is money to be made, the members of the LCN will become involved in just about anything.

Now, I think what we are seeing is that families, LCN families are not as an entity involved in drug trafficking, but individual members of those families may be. I think we have approximately 25 percent of those LCN members that we have identified in our organized crime information, about 25 percent of those show activity in drug trafficking. But I think it is more or less on an individual basis, and not as a family or an enterprise.

Senator MITCHELL. Is it then fair for us to conclude that as the drug industry becomes larger, the problem becomes more pervasive and the profits become larger, that we can anticipate continued and perhaps increasing involvement by LCN members in drug trafficking?

Mr. DANIELS. Yes, Senator, I think you will.

Senator MITCHELL. That poses the question, then, which Senator Chiles touched on, of the relationship between the LCN and other organizations engaged in drug trafficking, particularly the Colom-

bian groups which the Director referred to. Do you have any evidence that the cultural reluctance to admit into the LCN members of such groups is declining in any way? Or do they remain wholly separate groups?

Judge SESSIONS. Are you referring to me, Senator?

Senator MITCHELL. Anyone.

Judge SESSIONS. I do not know. Mr. Daniels may know whether or not there are other non-LCN persons involved directly in the organizations. I do not know. He may.

Mr. DANIELS. The LCN will and does co-exist with these other groups, and will cooperate with these groups. They will cohabitate with these other groups and organizations. They have done so for many, many years with other organized criminal groups, the Asians, the outlaw motorcycle gangs, et cetera.

I do not think that as far as the major cocaine traffickers, the Colombians, the LCN would be in a position to, nor would they want to, go head to head with the Colombian traffickers. But I think they would be in a position to co-exist.

Senator MITCHELL. My question went toward recruitment practices in the LCN.

Mr. DANIELS. They have never recruited.

Mr. REVELL. They never have, and I have never seen any intelligence that would indicate they would actually bring them into the blood oath membership. They do not have to. Over the entire history of La Cosa Nostra, they have had very close working relationships with Jewish mobsters, Irish mobsters, those of every ethnic stripe. They have totally incorporated their activities into an integrated approach to various criminal enterprises. But they have never allowed anyone—there has been one change in membership. It used to be that you had to have Sicilian blood on your father's side. The wars were fought, and, in fact, it was the Neapolitans who were able to, in fact, change the rules so that you had to have Italian blood. So the Neapolitan and the Calabrians could also be members of the LCN.

Senator MITCHELL. Given those facts, the question that comes to my mind is how we best allocate our national resources to deal with these problems, particularly the effect of drug trafficking in this country. I assume that you have an ongoing review and planning process by which you make judgments as to where your resources should be allocated. I am not going to ask you to provide us the substance of that now, but I would like—anything that ought not to be said in public, obviously I know you will not, but I would like to get some idea of how you make those decisions.

For example, if the entities remain separate and the evidence is that they do—there is no indication of a change in LCN recruitment practices—and if the LCN policies remain at least as to the family policies not participating in drug trafficking, how do you determine the extent to which resources should be focused on, say, the Colombian drug-dealing groups, as opposed to the LCN? I am trying to get at what is the best way to attack that serious problem.

Judge SESSIONS. The gathering of intelligence is obviously the base from which you flow. And that gathering of intelligence comes from the field. And as the type of summary—or results in the type

of summary you have seen in evaluation, which makes you decide where you should, in fact, allocate your resources.

Mr. Daniels, I think, can provide for you—in fact, I know he can provide for you—specifically about the allocations of resources about those specific groups you are discussing.

Mr. DANIELS. You are referring to, Senator, I assume, the allocation of resources to organized crime and to drugs? Is that correct?

Senator MITCHELL. Yes, that is right.

Mr. DANIELS. Are you looking for numbers?

Senator MITCHELL. Well, perhaps I would ask you to do this, to submit in writing to us a description of the process by which the decisions are made, and then the specifics, to the extent you can do so.

I think it might be better to do that.

I would like to make just one comment on that. Driving in here this morning I was listening to the radio in my car. And the news report was of a recent public opinion poll announced yesterday, which, according to the brief summary which I heard on the radio—I have not seen any written documentation of this—the American people now regard drug trafficking and the drug problem in this country as a greater threat to the Nation than the nuclear arms race or Communism in Central and Latin America.

And it seems to me that there may finally be developing the public indignation, intolerance and concern for that issue that enables those of us who make policy and decide on how to allocate resources, and those of you who enforce the law, to undertake the kind of national effort that I personally believe is necessary, and that we have not yet undertaken as a society to deal with this problem.

That is the predicate for my questions about how we allocate our resources. I think one need not agree with the attitudes expressed in the public opinion poll in their precise numerical assignment of what is important.

But I think we can all agree that if it is not the most important problem we face, it is one of the most important problems we face.

Judge SESSIONS. Well, if that is actually the fact, Senator, then we are benefited, because the American public has come to realize the scourge that this drug trafficking has brought upon us.

That of course can effectively be answered by the Congress of the United States. And by the change of attitude about the involvement of Americans themselves, that we will not tolerate what is happening to the fabric of our society, and it has to be dealt with.

Senator MITCHELL. It is really undermining the fabric of our society in many ways, not the least of which is that a very substantial number of the American population are themselves lawbreakers.

And Judge, as you know, once a person breaks the law with impunity, the likelihood of an undermining of that person's respect for the law, and a further violation in other areas, is increased.

Judge SESSIONS. I quite agree with you.

Senator MITCHELL. And it is without a doubt if not the, one of the most serious problems we face.

I would like to just ask one question on an entirely separate matter, and again, you may want to provide something in writing on this.

You discussed in your written testimony, and in exchange with Senator Glenn, the question of the use of the civil RICO statute and civil forfeiture provisions that would enhance the ability to utilize forfeiture more quickly at an earlier stage in the proceedings.

Judge SESSIONS. Yes, sir.

Senator MITCHELL. As you know, civil forfeiture is used in non-racketeering situations. And I would like to ask, if you have not already done so, if you would have your counsel prepare an analysis of any problems that might be created for legitimate businesses if civil forfeiture provisions are added in those in which civil RICO is used that are unrelated to the type of activity here.

Judge SESSIONS. We are talking about adding those types of provisions in connection with criminal forfeiture, so that instead of being bound to do it at the end of the trial or at the tail end, that early on that would be available to you in connection with your activities.

Senator MITCHELL. Right. And if you could have your counsel prepare just a general analysis of what it is specifically that has been proposed, and what, if any, implications it has in other areas, that would be helpful to us in approaching that problem.

Thank you very much, Mr. Chairman.

Senator NUNN. Thank you very much, Senator Mitchell.

Just one or two other brief questions, and then we will go to our next witness, at which time we will have to clear the room and take a brief recess while the witness is brought in.

Judge Sessions, I noted that no summary was submitted by the FBI office in Atlanta. There was no summary of that. To what extent is the LCN present in Atlanta, and what are their principal areas of activity?

Judge SESSIONS. I would ask either Mr. Revell or Mr. Daniels to respond to that. I am not familiar with the summary, either, sir.

Senator NUNN. Mr. Revell.

Mr. REVELL. I have an interest in Atlanta, as you might know.

Senator NUNN. Right, we both do.

Mr. REVELL. The LCN is not a factor in Atlanta. On occasion, a member will have some business transactions, or will transit the area. But we have not seen them settle in the Atlanta area like they have in the South Florida area, which by the way is the second largest concentration of LCN members in the country.

We do see indigenous groups dealing with the LCN and with other organized crime groups, members of the old Dixie Mafia, some of the outlaw motorcycle gang members. Many of the old bootlegging organizations are directly involved in drug trafficking and associated criminal activities.

So indeed, there is organized crime; it just does not happen to be of the LCN type. And we are paying attention to the type of organized crime that does exist in Georgia, because it is heavily involved as a geographic area in the distribution of drugs, and it is also of course a significant economic area for the Southeast.

So organized crime activity yes, LCN activity no.

Senator NUNN. Thank you. Judge Sessions, I will ask you this, and either Mr. Revell or Mr. Daniels could give his view on it also: Both the FBI and the Labor Department's organized crime and

racketeering section have jurisdiction over criminal investigations in the labor racketeering area.

In the past, on a number of occasions the Subcommittee has received information to the effect that these two important law enforcement agencies are not cooperating.

Can you address that now?

Judge SESSIONS. I would be pleased to do that.

Senator, if I might go back and discuss what I call days of yore, I know that as United States Attorney it was always very difficult for two agencies who had jurisdiction over the same subject matter to be able to be sure that they were able to effectively carry out their responsibilities without interfering with each other. And when they interfaced, there were often problems, because they were both pursuing the use of tactics, and investigative undertakings, that brought them head-to-head with the use of informants; that involved them with undercover operations; that involved them with buy and search operations; where they would come into confrontation and realize that one or the other of them was endangered.

I think that the same principle is at play here, that is, where two vigorous organizations undertake to exercise their jurisdiction of a common target, that you have a natural setting where they could endanger each other's investigations; where they can endanger each other's use of informants; where their undercover operations can be destroyed or effectively nullified; where surveillance techniques, both wire and otherwise, can become involved with less than effective investigation.

In other words, there are just many areas that breed that. And I know that when the Labor Department pursues theirs vigorously, and when the FBI pursues theirs vigorously, there can be cooperation, but there also can be very difficult circumstances that do not really translate in terms of turf, but to actual investigations that are ongoing.

And I think either Mr. Revell—well, I think Mr. Revell could speak to that specifically.

Senator NUNN. Mr. Revell?

Mr. REVELL. Well, Senator, you know I have been before you before when this was discussed. And we, subsequent to that, have worked out an MOU with Brian Hyland and with the Labor Department.

I think that across the country we have a very supportive relationship. We had a problem in Philadelphia, as you know, and I think we have overcome that.

We had some problems in Cleveland, and I believe those are behind us as well. I think that we have a mutually supportive relationship.

I do think there is a great deal to be said about not mingling jurisdiction. We certainly know that the Labor Department brings a great deal of expertise into the fight against labor racketeering, and we need to ensure that that expertise and that capability is fully integrated into the pursuit of labor racketeering.

I am not sure that the way to do that is to commingle jurisdiction. I think that we can better work through MOU's to complement each other, rather than to have conflicting responsibilities.

Senator NUNN. Are you working on any MOU's now?

Mr. REVELL. We have an operational MOU between us now.

Senator NUNN. Have you had many or any joint investigations in the last couple of years?

Mr. REVELL. Oh, yes, sir, a number of those. And we would be glad to report those to you.

Senator NUNN. Could you furnish those for the record?

Mr. REVELL. Yes, I'll be glad to.

Senator NUNN. We have a number of other questions that we would like to submit to you for the record. We could go on for several more hours here, but we have got to go to our other witnesses.

Judge Sessions, do you have anything you want to say in closing?

Judge SESSIONS. No, except to say that I am privileged to have been here. I am delighted that you are pursuing this matter with us, and we look forward to cooperating with the Subcommittee.

Thank you.

Senator NUNN. Senator Chiles?

Thank you, Judge Sessions, Mr. Revell, Mr. Daniels, for your splendid cooperation and your very helpful testimony.

Judge SESSIONS. Thank you, sir.

Senator NUNN. Our next witness will be Mr. Tommaso Buscetta. Mr. Buscetta, for reasons of personal safety, has been relocated, and is now living under an assumed name in an undisclosed location in order to protect his identity.

To maintain his security, he will therefore be testifying behind a screen. No cameras will be allowed to photograph Mr. Buscetta from the area in front of the screen.

It is my understanding that members of the media have already been advised as to those locations in the room where cameras will and will not be allowed during Mr. Buscetta's testimony in order to maintain security.

Prior to clearing the room for Mr. Buscetta's entrance, I again direct that all cameras and cameramen vacate any of the restricted areas.

It is my understanding that there are no cameras now in the restricted areas as such. I direct that the room now be cleared of any individuals other than Senators and the direct staff involved so the witness can be brought in for testimony.

[Brief recess.]

Senator NUNN. Mr. Buscetta, would you please stand and we will give you the oath. Would you raise your right hand. This is the oath we give to all the witnesses before our Subcommittee.

I will ask you a question. Do you swear that the testimony you give before this Subcommittee will be the truth, the whole truth and nothing but the truth so help you God?

Mr. BUSCETTA [through Interpreter]. I do.

Senator NUNN. Thank you.

[Brief pause.]

Senator NUNN. The Subcommittee will come to order.

We have already given the oath to Mr. Buscetta. As I stated before, our next witness is Mr. Tommaso Buscetta. Mr. Buscetta is an admitted member of the Sicilian Mafia. Since 1948 Mr. Buscetta has been a member of the Porto Nuova Mafia Family in Palermo,

Sicily. Through his membership he has become familiar with La Cosa Nostra here in the United States.

Today we will hear Mr. Buscetta describe La Cosa Nostra as an international criminal organization with strong footholds in both Italy and the United States. Mr. Buscetta can provide us with information regarding what he terms the Sicilian Mafia, its traditions, its activities in the international drug trade, and the violence which accompanies that trade, including the murders of several members of Mr. Buscetta's own family.

In 1986, Mr. Buscetta's testimony in Palermo, Sicily, was instrumental in the conviction of 435 members of the Sicilian Mafia. In October, 1985, Mr. Buscetta's testimony in the now famous Pizza Connection case in New York City helped to convict 35 members of the New York and Sicilian La Cosa Nostra.

Today marks the first occasion on which Mr. Buscetta has appeared as a witness before the Congress. Mr. Buscetta will be testifying in Italian but is accompanied today by an interpreter, Mr. Neil Sanderman, who will translate his testimony at the request of the Subcommittee and is also translating our words into Italian.

As I have said, I have already given the oath so, Mr. Buscetta, we appreciate your appearance before the Subcommittee. We are grateful to you for your cooperation. We believe your testimony will be helpful in giving us an understanding of the interconnections between what you term the Sicilian Mafia and what we in this country term La Cosa Nostra.

We will at this time have your testimony. If you would like to pause at any point and have water or if you would like to rest a moment at any time, we will be glad for you to do that. And as I stated, we do have a translator so you will speak in your language and we will have it translated into English.

For the benefit of the Senators here, the staff as well as the audience, I would ask both you as a witness and the interpreter who will be interpreting into English to speak directly into the microphones.

You may proceed with your statement.

**TESTIMONY OF TOMMASO BUSCETTA, FORMER MEMBER, PORTO NUOVA SICILIAN MAFIA FAMILY, PALERMO, SICILY [1] [With the use of an Interpreter throughout]**

Mr. BUSCETTA. Good morning, Mr. Chairman and members of the Subcommittee. My name is Tommaso Buscetta. I am a member of the Mafia, or Cosa Nostra, in Sicily, known within the Cosa Nostra as a Man of Honor. Since 1948, I have been part of this organization both in Sicily and later as a favored and protected guest in the United States. I have known among others Salvatore, or "Lucky" Luciano, Carlo and Paolo Gambino, Paul Castellano, and Joe Bonanno. I have spent many years in prison for my activities as a Mafioso. I have lost one brother, two sons, one brother-in-law, three nephews, and one son-in-law all at the hands of the Mafia.

Over the years I have seen our organization change from within. I have seen money, drugs, and greed corrupt and destroy the Cosa

[1] Mr. Buscetta read his entire prepared statement into the record.

Nostra code of honor and loyalty to the families. In Sicily, the Cosa Nostra began as a way of protecting the weak by the strength and respect of the Mafia. In America it began with the approval and assistance of the Sicilian families, as a way of protecting the first Italian immigrants from other, already firmly established immigrant groups, particularly the Irish.

In both Sicily and the United States, the Mafia no longer serves those purposes. Today, the Mafia takes from everybody and gives nothing back. It exists only for the personal benefit of its members. Its members care nothing for the needs of anyone but themselves.

I know these things because I have spent most of my life as a member of the Sicilian Mafia, nearly 40 years. I have seen so many changes in the organization that I no longer feel bound by the code of "omerta" or silence. This is the reason that I am testifying here today in the Senate and that I have cooperated with and testified for the Government, both in Italy and in the United States.

I was born in Palermo, Sicily, in 1928, the youngest of 17 children. My family owned a glass factory. I fought in World War II for the Italian underground, and was responsible for the deaths of some 50 German soldiers. After the war, in 1948, I was called to become a member of the Porto Nuova family of the Sicilian Mafia. I considered this an honor. At that time Mafia members were Men of Honor, men respected in the community. Some were doctors, lawyers, or councilmen.

To become a "Man of Honor" of the Cosa Nostra, it is necessary to swear an oath before five or six members of the family. The individual or candidate is brought to a secluded spot, which could be someone's home. Then the oldest of those present informs this individual that the purpose of this thing, "Questa Cosa," is to protect the weak and to eliminate the oppressors. A finger is then pricked on one of the hands of the person being sworn in, and the blood is made to fall on a sacred image. Then, the image is placed in the hand and is burned. At this time the individual must endure the fire, passing the sacred image quickly from one hand to the other until it goes out.

The individual swears to remain faithful to the principles of the Cosa Nostra, stating solemnly: "May my flesh burn like this holy effigy if I am unfaithful to this oath." After the swearing in, and only then, is the Man of Honor introduced to the Head of the family. A Man of Honor can speak to another Man of Honor only after he has been introduced by a third Man of Honor, known to both, who can guarantee to each man the other's status.

Before being sworn in, it should be noted that the candidate has been carefully observed and screened for a period of time without his knowing it, or even knowing that he is being considered for membership. His name has been submitted to other families for evaluation and consideration. But the most important thing this individual has to do is become an assassin. Every Man of Honor, whether in Sicily or in the United States, before becoming a member must have killed at least once for the Cosa Nostra. He may not know he was doing it for the family, but that he was doing it for a friend.

Once an individual becomes a "Man of Honor," he is that for life. I have never known of a case where a Man of Honor went to his

family head and told him that he no longer wanted to be part of the Cosa Nostra. If a Man of Honor is arrested, this does not cause the termination or suspension of his membership in the family. Even inside prison his status as a Man of Honor and his authority remain. Events in a person's life may, for example, determine that he is not actively employed in the family's business. But at any time he is needed, or wherever he might be, he could be remembered and asked to perform an action derived from his capacity as a "Man of Honor," that he cannot refuse to perform. It is not possible in any way to lose that status spontaneously, unless justified motives exist. Of course, when there are cases of non-performance or censurable behavior, Men of Honor can be temporarily or permanently removed from the organization where there are sufficient grounds as evaluated by the family boss or by the Commission.

Whatever a Man of Honor says in the presence of two or more Men of Honor must always be the truth. This rule also applies to conversations between two Men of Honor, but since there is no third person present, it becomes one man's word against another's. There are no written codes of Mafia ethics, but these rules are rigid and universal. No one will ever find a list of Cosa Nostra members, nor certificates of any type, nor receipts for the payment of dues. Nevertheless, the tie that binds Men of Honor is even more solid and impenetrable than if it were written down in some document.

In the early 1950s, Lucky Luciano was deported from the United States to Italy. Although he was not considered a Man of Honor in the Cosa Nostra of Sicily, he was treated with much respect as the Boss of a Mafia family in New York. During this time, Luciano and I spoke many times, and he became my friend. He told of how and why he had created the commission in America. Luciano told me that the killing of Men of Honor unjustly had to be prevented. Luciano created the commission in the United States in order to do this. The commission had the bosses of all the families in the United States as its membership.

It was the responsibility of the commission to rule on disputes between families that cannot be resolved by the family bosses. It is the responsibility of the commission to rule on the execution of a Man of Honor. Once the commission has decided to kill someone, the commission decides who is to carry out its decision, and is empowered to choose its executioners from any family. Organizing the murder is, therefore, the exclusive doing of the commission, and is supposed to remain a secret from all others, with the exception of the executioners themselves.

Senator NUNN. May I ask one question right here. You mentioned that Lucky Luciano informed you that he had formed the commission in the United States. Did he tell you when he had formed the commission? Approximately what time frame?

Mr. BUSCETTA. That was sometime in the 1930s, sometime in the 1930s after the war he had waged with the Maranzano.

Senator NUNN. After the war that he waged with——

Mr. BUSCETTA. After the war he waged with the Maranzano between Lucky Luciano and Maranzano.

Senator NUNN. At this point, we have got about 5 minutes before the roll call vote is completed. There are no other Senators here at the moment. They are voting.

We will take about a 10-minute break, but I would ask you to remain seated so we do not have to clear the room again and we will be back as soon as we can.

I would also ask the security people to make sure that no one comes forward so that we would have any camera angle that would reveal the face of the witness.

We will take a 10-minute break.

[Brief recess.]

Senator ROTH [presiding]. The Subcommittee will please come to order.

The Chairman will return in a few minutes but in the meantime I would ask the witness to continue with his testimony.

Mr. BUSCETTA. It might be good to repeat the last sentence of the previous paragraph.

The organization of a murder is therefore the exclusive doing of the commission and it is supposed to remain a secret from all others, with the exception of the executioners themselves.

In practice, however, it can happen that a commission member informs his most trusted personal friends in the family of the decision. Decisions of the commission are executed at all costs, and the boss of the family in whose territory the execution is to take place is always informed. Luciano also told me that most American Men of Honor, like Sicilians, made their money through protection and extortion. But unlike the Sicilians, the Americans took control of legitimate businesses, keeping a low profile. By contrast, Sicilians operate through fear.

In 1957, in Sicily, I met another member of the American Mafia commission, Joseph Bonanno. Bonanno told me how the American commission was a good way to resolve family conflicts, and how if a Sicilian commission were created, this would be a way of renewing ties between the American and Sicilian Mafia. These ties had been broken in the early 1950s.

After talking with Luciano and Bonanno I, along with others, convinced the Sicilian Family Bosses to create a commission in Palermo. From the beginning our commission differed from the American commission in that all members were to be soldiers and not bosses. But since it was a great honor to sit on this commission, bosses of the various families were stepping down, and appointing another to occupy their position while they sat on the commission. This arrangement caused a great deal of turmoil. Some members of the commission wanted to be seated on the commission and still be the Capo of their family. In the early 1960s, things began to fall apart. There were a number of killings of commission members and eight police officers were killed in a car bombing intended for a commission member.

As a result, there was a public outcry against the Mafia and a number of arrest warrants issued, including my own. If this attack by the police had continued, the Mafia in Sicily never would have survived. Mafia members fled Sicily en masse for places like the United States, South America, and Canada. I fled Sicily and went

to Mexico, from there to Canada, and to New York. I went to Canada and New York under the name of Manuel Lopez-Cardegna.

In 1963, while in Mexico, Salvatore Catalano, a member of the Sicilian Mafia who was later killed in New York, brought me $500 from Carlo Gambino, the head of the American commission at that time, to help me get to New York. But I sent the money back to him. Catalano told me that this would be an insult to Carlo Gambino, but nevertheless, I sent it back.

Senator NUNN. Could I ask you a question there as to why you sent the money back?

Mr. BUSCETTA. Because I felt that that amount of money was ridiculous. It almost came through as an act of charity.

After arriving in New York, Carlo Gambino's brother, Paolo, and some men came to pick me up. I knew Paolo from Italy, and we had talked on a number of occasions. I was convinced that I was to be killed, but I went along because I figured I was already a dead man. To my surprise, I was taken instead to a big reception given in my honor by Carlo Gambino. Gambino gave me an envelope with money in it—around $10,000. He told me that if I needed anything in America, I should call him. But as a member of the Sicilian Mafia, I was not permitted to do criminal business for the American Mafia nor to talk about the Mafia. He told me that I had already made a mistake by returning his gift, and he warned me that I should not make any more mistakes.

I followed Gambino's wishes and got work through the help of Gambino and his family: first, as a laborer at a construction company run by one of Gambino's captains, and later, as a partner of Luchese soldier Leo Giamonna in running a pizza place. I remained on good terms with both Carlo and Paolo Gambino, regularly playing cards with them, and Paul Castellano, who at the time was a caporegime in the Gambino family.

In 1965, Carmine Galante, who was known on the street as "Lilo," told me that Joe Bonanno wanted to see me. Bonanno was on the "outs" with Gambino and the commission. He had wanted to open another wing of the Bonanno family in California, against the wishes of the commission. Bonanno already had the Cottrone family in Canada under his family's leadership. The commission called Bonanno to explain, and he refused to come forward and do so. Bonanno knew that I was close to Carlo Gambino, and I suspected that he wanted me to talk to Gambino on his behalf. I told Lilo, "No." Gambino had warned me not to deal in American Mafia business, and I would not and did not interfere.

I should tell you here something that you should know about the Cosa Nostra. The Government makes so much over tapes and wiretaps, but those tapes miss the most important communications of all. Cosa Nostra members communicate best without saying anything—no words at all, just a gesture, a look, a wink. We also do nothing in writing: no lists, no certificates, no receipts, except what must be kept to satisfy or perhaps fool the Government. We do not need words or writing to get our points across.

For example, you remember when the big American boss, Joe Colombo, was shot in New York City, at Columbus Circle. He had been very active in the Italian-American Defamation League, and had been getting lots of publicity. Paolo Gambino saw headlines of

Colombo's activities and said to me, he should not be doing this. I knew then that Colombo was a dead man. Five days, perhaps a week later, Colombo was shot and mortally wounded.

I left the United States in 1971, after having been detained for having a false passport. I went to Brazil, where I stayed until my return in custody to Palermo in 1972 to serve a prison term.

By the time I was released, the Sicilian Mafia had recovered from the problems of the 1960s, and was back and strong. The commission was back, but mostly as a formality dominated by the Corleones. Upon my release from prison, I was approached by some Mafiosi and asked if I would participate with them in the narcotics business. I said, "No." Before, the Mafia would have nothing to do with drugs. Drugs brought too much attention from the authorities, too much heat. Now, drugs were the main part of the Mafia's business, and everyone in the Sicilian Mafia was rich because of it. The tobacco smuggling, which had been the life line of Mafia business, had been abandoned in favor of drugs.

Along with the drugs had come more money, more greed, more violence, and less honor. In the period 1981–1983, there were over 400 Mafia killings in Palermo. I began to realize that drugs had changed everything, the family loyalties and codes of respect that I had known as a Mafioso were quickly becoming things of the past. I had no trust for the Corleones and their ways.

I decided that it was best for me to leave Palermo, and emigrated to Brazil in January 1981. Gaetano Badalamenti, the head of the Cinisi family in Palermo, who was ousted by the commission, later visited me in Brazil and tried to convince me to help him displace the Corleones. Although I refused, Badalamenti went back to Sicily and spread the lie that I was coming back to rise against the Corleones.

As a result, and while I was still in Brazil, the Corleones began the brutal and deliberate destruction of the family that I had left behind in Sicily. My brother, my two sons, and my three nephews all were violently and needlessly killed. My son-in-law was gunned down in front of my daughter on Christmas Eve. These persons were not even members of Cosa Nostra families. There was no honor in these murders.

I was arrested in Brazil in October 1983, and extradited back to Italy in July 1984, on an Italian warrant for Mafia association. When I returned to Italy I decided to cooperate with the Italian and American authorities, in part because I felt that the Mafia that I had known no longer existed. Gone were the Men of Honor whose word you believed in. Gone were the men you could trust with your women and your families.

The Mafiosi are not romantic figures like you see in the movies. They are men of violence, men who let gross amounts of money rule their actions. Until the public really understands the true nature of the Cosa Nostra, its power and its violence will continue. I think there is only one way to overcome the Cosa Nostra, and that is to educate the people, to let them see what these men really are, and how dangerous they are to a civilized society. Then, and only then, will law enforcement be able to truly win its fight against organized crime.

Thank you.

Senator NUNN. Thank you very much, Mr. Buscetta, for a very helpful statement to the Subcommittee which assists us in understanding the origins, the nature and the perceptions that an individual who has been involved in organized criminal activity has about the organization in which he served.

I have a couple of questions relating to your statement, and then some broader questions.

You mentioned that you were picked up in the United States and arrested for having a false passport, and then you were deported.

How did that arrest occur? Were you suspected of being a member of organized criminal activity? Had you committed any kind of crime?

Mr. BUSCETTA. First I would like to clarify that I was not deported; I was expelled.

Regarding the background of my arrest, this happened because in Los Angeles there was an assault and a murder of someone in the courts. A judge was killed, and a man was apprehended in connection with this attack. They identified him with a photograph, and so forth, as being myself. Accordingly, I was subsequently apprehended and accused of being the perpetrator of the crime.

I said I was not the one, I was Tommaso Buscetta and I was not responsible for that.

Senator NUNN. And then your passport revealed that that was not the name that you were using?

Mr. BUSCETTA. Yes. I was apprehended. I was in an automobile with my daughter and her child. At that point it was developed that I was traveling under a false name and that I was illegally in this country.

Senator NUNN. You mentioned in your statement that over the years you have seen the organization change from within, and you mentioned greed and drugs and corruption and you also mentioned that the Men of Honor no longer could be trusted with family, women, and so forth.

Some of us who have investigated and looked into the organized crime activities, family behavior and so forth, over the years have a very hard time identifying any period of honor or any period of loyalty.

Could you tell us a little bit more about when you believe the Sicilian Mafia behaved with honor and why you have that feeling?

Mr. BUSCETTA. Perhaps this was not clear enough in my statement. I am not a highly educated person. When I talk about a Man of Honor and talk about a good period for Men of Honor and a bad period for Men of Honor, I am not saying in actuality that I think at this point that they were authentic Men of Honor in the true sense of the word.

When I said that there was a good time, that there was a good time for Men of Honor, what I am saying is that there was a time when you could go to someone and you could believe in what he said and two Men of Honor could believe in one another, as man to man as Men of Honor, so-called. But the Cosa Nostra, aside from this, has always been a violent organization and an organization of violent men and an organization and individuals who have always operated on the basis of terror.

It is the only way they have to operate. It is the only way they can get their way. They have no courts. They have no jails. There is no trial. All they have as a means of power is to terrorize people.

Senator NUNN. In other words, you are not saying that there was ever a time where society benefited from the Sicilian Mafia, but rather you are saying that within the organization one man could trust another?

Mr. BUSCETTA. In some cases. For example, the first thing that I said not too long ago when I held an interview with Italian TV was that in 1948 when I first got into the organization I immediately realized and became aware that there was really no point in the organization. There was no need for it at that point in time. Of course, at that point I could not go back. But I saw that there was no reason for its existence because there was no cause that the Cosa Nostra was needed for and it was serving no cause.

Senator NUNN. You have been portrayed, Mr. Buscetta, as one of the few members, probably the first member, of the Sicilian Mafia to have ever broken the Mafia code of silence, or what I understand you term "omerta" and you have testified against other Sicilian members of the Mafia.

Why do you believe it has taken so long for someone to come forward and to actually testify against the members of the Mafia?

Mr. BUSCETTA. Well, it is a difficult question to reply to but I will try to give you my feeling for this situation. In Sicily it runs in people's blood, you might say, to be like the Mafia would like to believe it is or that it should be.

Because, for example, up to some years ago a lot of people might give more credence or have more confidence in going to a local neighborhood Mafia captain for a favor, for some form of protection or retribution, than to go to the authorities. So, of course, when a local citizen received this kind of a favor or this kind of support, he felt indebted to the individual. He appreciated what was done for him by this individual who was a member of the Mafia and therefore this became a feeling of appreciation and respect for the organization.

Senator NUNN. Was there also an element of terror involved? Was it clear that people who cooperated would be penalized severely? When I say cooperated, I mean cooperated with law enforcement.

Mr. BUSCETTA. Yes. There has always been the factor of a fear of a penalty. There has always been a price to pay for going the other way. But very often this attitude stemmed from the fact that people felt more friendly toward the Mafia than toward the authorities, toward the police.

Senator NUNN. Do you believe that has changed in Sicily now?

Mr. BUSCETTA. I would say by about 30 percent, perhaps.

Senator NUNN. There is less favorable feeling towards the Mafia now in Sicily than there was; is that what you are saying?

Mr. BUSCETTA. That is right. For example, I saw that during that interview that I had with Italian TV, in which I was talking about the Mafia, there was a fellow there who was following the proceedings of—I am sorry, I saw a fellow appear on TV, for example, in connection with my testimony at the "Maxi Trial" in Sicily. He was all in favor of what I was doing. In fact, he said something

like, "Way to go, Tommaso," and this was his attitude toward what I was doing at the time.

He was in favor of it, whereas 20 years ago I do not think that would have ever happened in Sicily.

Senator NUNN. You mentioned the Sicilian Mafia and also La Cosa Nostra in this country. Are there similar organizations in any other countries that you know of?

Mr. BUSCETTA. Yes.

Senator NUNN. Could you tell us where?

Mr. BUSCETTA. Venezuela, Canada, Calabria in Italy, and Naples.

Senator NUNN. How about Venezuela? When was that established?

Mr. BUSCETTA. In Venezuela there are two families. The first was established—I am not quite sure this is accurate—but in the 1960s and the second was established in the 1970s. This was with the consent of the families in the United States and Sicily.

Senator NUNN. What about Canada? Did that spill over from the United States or was that a separate organization, and is it a separate organization today?

Mr. BUSCETTA. Well, this might go against all reports from law enforcement authorities, but I have to tell you what my knowledge of the situation is.

Senator NUNN. That is what we want.

Mr. BUSCETTA. The family in Canada is not independent, an independent family in the sense that the families are independent in Detroit, Chicago and Dallas. What we have in Canada is a "decina," a so-called "decina," a group that comes under the Bonanno family.

In other words, it is a branch of the Bonanno family.

Senator NUNN. Do they take orders directly from the United States?

Mr. BUSCETTA. Yes. Their chief was Bonanno.

Senator NUNN. So they reported directly to the Bonanno family?

Mr. BUSCETTA. Yes, that is correct.

Senator NUNN. How about Venezuela? Are they independent or do they report to anyone in either Sicily or the United States?

Mr. BUSCETTA. That organization is independent.

Senator NUNN. Are there contacts between the various groups in the United States, Venezuela and Sicily?

Mr. BUSCETTA. Yes.

Senator NUNN. What kind of illegal activities do they coordinate on, if any?

Mr. BUSCETTA. Well, it would be drugs.

Senator NUNN. Drugs, primarily?

Mr. BUSCETTA. Yes.

Senator NUNN. Would you say that drugs now represent the chief source of income for the Cosa Nostra here in the United States?

Mr. BUSCETTA. To the extent I was aware of what was happening as of 1983, yes, that is the case.

Senator NUNN. As of 1983, drugs would be the chief source of income for La Cosa Nostra in the United States?

Mr. BUSCETTA. That is correct.

Senator NUNN. Could I ask you the same question?

Mr. BUSCETTA. Sir, were you referring to Venezuela or the United States?

Senator NUNN. Well, let me ask about both. And I was going to also ask about Sicily. So let me frame the question this way.

What is the chief source of revenue or income for the Sicilian Mafia, for the United States La Cosa Nostra, and for the Mafia in Venezuela?

Mr. BUSCETTA. Well, to the extent I became aware up to 1983, the principal source was drugs. For example, in the case of Sicily, all of—you had all of the drugs being shipped from Sicily to the United States. It was just very heavy traffic from Sicily to the United States in drugs.

And concerning the United States, if you were to ask me if the U.S. Mafia, La Cosa Nostra, is involved in drugs, I would have to say absolutely, yes, because it would be impossible, say, for the Sicilian Mafia to run drug traffic involving hundreds of kilos of cocaine or heroin in the United States without the local Mafia knowing about it because in order to sell it here they would have to have authorization and consent from the local Mafia.

This is the way all of the Mafia activities are operated between one country and another. You have to have the authorization and blessing of the local Mafia.

Senator NUNN. Would it be fair to say then that the principal source of revenue in Sicily, the United States and Venezuela relates to drug activities?

Mr. BUSCETTA. I would say there is no doubt about it over the last several years.

Senator NUNN. Senator Roth.

Senator ROTH. Thank you, Mr. Chairman. I would like to continue along the same line of questioning.

Now, Mr. Buscetta, you also mentioned that there were LCN families in Colombia; is that correct?

Mr. BUSCETTA. I am sorry. I did not hear you.

Senator ROTH. You suggested earlier that families, organized crime families were also to be found in Colombia?

Mr. BUSCETTA. No. I did not mention that.

Senator ROTH. Was that Colombo, Italy, then?

Mr. BUSCETTA. Calabria. That is a region of Italy.

Senator ROTH. Do you have any evidence that families are being organized in any other country, and is there any effort being made to control in its totality the drug business from South America?

Mr. BUSCETTA. Up to 1983 there was not much drug traffic from Latin America in Italy, but that is based on what I was in a position to observe. On the basis of subsequent reports that I saw, for example, and news and whatnot, after 1983 apparently there was more cocaine being brought into Italy. But I did not observe this personally.

What I did observe at the time that I am talking about was that heroin was shipped in large amounts from Sicily to the United States and you had the involvement in this traffic of the Mafia people of Naples, of Calabria, Venezuela and the United States and, of course, the Sicilians, primarily.

Senator ROTH. Where was this heroin being obtained?

Mr. BUSCETTA. Well, from the Arabic countries, from Turkey.

Senator ROTH. Now, under the rules of the American LCN families, can Sicilian family members operate freely in the United States? If not, what are they required to do before engaging in any criminal activities here?

Mr. BUSCETTA. Well, as I mentioned in my statement, in order to engage in any activity in the United States or any place, if a Sicilian Mafia person were to come to the United States, in New York, or Detroit, wherever he wants to carry out his activities, he has to get the necessary authorization from the Mafia organization of that city. And if he goes ahead with it without this permission, then he is going to be punished and this punishment can be death.

Senator ROTH. You stated that the American LCN operates out of legitimate businesses whereas the Sicilian LCN operates through fear. I have two questions. What legitimate businesses are controlled by American LCN?

Mr. BUSCETTA. I do not know the answer to that.

Senator ROTH. Could you explain how the Sicilian LCN makes the money to finance its activities?

Mr. BUSCETTA. Well, at first, for example, the Sicilian Mafia did not have all that much money to finance its activities. In Sicily, they began primarily in the—its primary activity was smuggling cigarettes and tobacco and this remained the fact up until about 1977 or 1978. At that time they went over, sometimes operating from the same sources, they went over to morphine-based traffic and at that point they began to generate a lot more money to finance their activities.

Senator ROTH. Approximately how many members and how many associates would you estimate there are in the Sicilian LCN?

Mr. BUSCETTA. I am not sure I can give you any numbers. But I would say it must be upwards of 5,000 in Sicily.

Senator ROTH. Currently do you think the LCN is becoming larger or smaller in Sicily?

Mr. BUSCETTA. I think it is getting bigger, almost as if it were a kind of cancer.

Senator ROTH. So you do not think the current law enforcement efforts really have been successful in destroying the LCN in Sicily?

Mr. BUSCETTA. No.

Senator ROTH. If you suddenly found yourself the head of the law enforcement authorities, either in Italy or this country, what steps would you recommend be taken to destroy these criminal syndicates?

Mr. BUSCETTA. I am not sure. Especially concerning the United States, I just would not know where to begin because, for example, in the United States I think the Mafia enjoys a certain advantage in comparison to the Mafia as it exists and operates in Sicily because in the American court system you can only convict somebody if you have sufficient evidence.

In Sicily you can convict somebody without so much evidence. So there is a distinct advantage there. In Sicily I think what you need to do is begin right at the early stages. In elementary school you have to teach the children, you have to publicize the fact that the Mafia is not there to help anybody; it is only there to help itself to the goods of society as a whole.

You have to show people all the millions of dollars that they are getting from illegitimate sources and that they are not providing any kind of services and it is not on the basis of any honest work. You have to show people how many people are getting killed because of drugs.

This is the only way you can do it because even if you can conduct all, make all the cases that you want, all the investigations and so forth. You may be able to get at an individual who has committed a given crime, but the fact is that the crime was not perpetrated by that individual alone. It was perpetrated by all of them, the organization as a whole.

Senator ROTH. You stated in your testimony that at the time of your induction into the family a man had to be an assassin and kill at least once for the LCN. It is my understanding you said this was true in both the United States and Italy.

To your knowledge, is murder still a requirement for induction into the LCN, either in the United States or in Italy?

Mr. BUSCETTA. It is essential. It is the first prerequisite.

Senator ROTH. And it continues to be a prerequisite in Italy?

Mr. BUSCETTA. Yes.

Senator ROTH. In the United States?

Mr. BUSCETTA. It really amounts to the same thing whether you are talking about the Mafia in the United States, Sicily, Calabria, Venezuela. It is all the same in that regard.

Senator ROTH. Now, in speaking of the code of honor governing the behavior of LCN members, did that code once include a prohibition against involvement with drug trafficking?

Mr. BUSCETTA. Yes.

Senator ROTH. But now in both Sicily and the United States, drug trafficking is one of the principal activities?

Mr. BUSCETTA. Well, in Sicily it is the primary activity. I would say 99 percent of the activity in Sicily has to do with drug traffic. Now, concerning the United States, as I have mentioned before, you cannot get into drugs in the United States without permission from the local Mafia. And of course, here the local Mafia is all the more aware of law enforcement activities in this area.

Senator ROTH. My last question, Mr. Chairman.

Do you see the LCN seeking to become more involved in international drug trafficking from Latin America as well as from "the Golden Triangle"?

Mr. BUSCETTA. I believe so.

Senator ROTH. Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Roth.

Senator Mitchell?

Senator MITCHELL. Thank you, Mr. Chairman.

Mr. Buscetta, in your statement you said that in 1948 you were called to become a member of the Porto Nuova family of the Sicilian Mafia. You also said in your statement that the most important requirement an individual has to do is to become an assassin.

Since you joined the Mafia in 1948, how many people have you killed?

Mr. BUSCETTA. Senator, I cannot give you the answer to this question, with all due respect, because Italian law prohibits me from responding to this kind of question.

Senator MITCHELL. Are you aware of any cases in which someone who was called refused to become an assassin and therefore did not enter into the Mafia?

Mr. BUSCETTA. Well, it would be very unlikely for this to happen because before the person involved were—before his name were submitted to the organization for him to become a member, he has already been observed and watched and he is known to the people who are bringing him in and they would know that he would be only too glad to serve the purposes of the Mafia in any way. So I have never heard of a similar case.

This would all have been developed and tied together before he would even be asked about it.

Senator MITCHELL. Did you yourself participate in the recruitment of others after you became a member of the Sicilian Mafia?

Mr. BUSCETTA. I am not sure I understand the question, Senator. Could you please repeat that.

Senator MITCHELL. You described how individuals are observed and therefore it is known that they would willingly serve the purposes of the organization.

Did you yourself participate in the activity of observing others and selecting people to be invited to join?

Mr. BUSCETTA. Yes.

Senator MITCHELL. You said in your statement that if the Italian police in the early 1960s had followed up in prosecuting, it might have wiped out the Mafia for good. Can you be more explicit about that?

Mr. BUSCETTA. Well, in 1963 all of the Mafia families and clans were dissolved. The Commission was dissolved. The families broke up and everybody went his own way. And then after all the troubles, all the trials and so forth, we returned, toward the year 1970, and took up from where we had left off.

Senator MITCHELL. You have used the word "honor" and "Men of Honor" repeatedly throughout your statement. Do you now agree that there is nothing honorable about being an assassin?

Mr. BUSCETTA. I agree with that.

Senator MITCHELL. In the early 1960s there was an internal struggle——

Mr. BUSCETTA. I would like to follow up on my response to this question. I want to explain that in my brief statement I repeatedly referred to the so-called "Men of Honor" because that is what they call one another and that is what they call themselves. I no longer would call myself that. In fact, I am no longer one because you might say that I have betrayed the organization.

But I would not want to leave with you the idea that I am paying them any tribute. If you would ask me the name that I would apply, I would have quite a different name to call them.

Senator MITCHELL. You described briefly the internal struggle in Sicily in which the Corleones gained control. Would you describe that in more detail?

Mr. BUSCETTA. The fact that the Corleones came to control the organization?

Senator MITCHELL. Yes. Is that the reason you left Sicily? Because you were involved in an internal struggle for control and were on the losing side?

Mr. BUSCETTA. No. I did not leave Sicily because I was on the side of the losers. At the time I left, everything was quiet. Everything was still quiet. But I did see that the Corleone family was gaining more and more influence and becoming prominent in the situation.

Actually, this is not in terms of numbers. What you have to do, you have to look at the follow-up picture, generally. You have to consider this in terms of a political faction with its particular leadership so that although the Corleone family might have been small in number, its influence was steadily gaining.

Now, you might consider that the faction that I was in might not have really been considered a losing faction because my boss was friendly with the Corleones. So you might say that my boss was a winner. But I was a loser.

This is something that is not very easy to explain. I think I could explain it but I would need a lot more time to explain it to the Senator.

Senator MITCHELL. Nonetheless, you have described how the brutal killings of your family members occurred because Gaetano Badalamenti returned to Sicily and said that you were planning to come back to rise against the Corleones; is that correct?

Mr. BUSCETTA. Yes, that is correct.

Senator MITCHELL. Would you tell us what it was you did as a member of the Sicilian Mafia from the time you entered in 1948 until you left for the first time?

Mr. BUSCETTA. In what sense?

Senator MITCHELL. What work did you do? What did you do in behalf of the organization?

Mr. BUSCETTA. Well, I acted as a soldier. I was one of the members of the commission. As far as active involvement is concerned, actually I can say that I was not really in Sicily for much of the time. I lived in Sicily as a child and then during a lot of my adult life I was outside of Sicily.

Senator MITCHELL. Is the Corleone family the dominant family now in the Sicilian Mafia?

Mr. BUSCETTA. Yes.

Senator MITCHELL. How many members of that family in Sicily went to jail as a result of the recent trial in Italy?

Mr. BUSCETTA. One.

Senator MITCHELL. Why is that? Do you know? Why were the members of the dominant family able to avoid conviction and imprisonment?

Mr. BUSCETTA. Well, they were convicted but they have not been arrested.

Senator MITCHELL. I beg your pardon. They were what?

Mr. BUSCETTA. They were convicted but they have not been arrested.

Senator MITCHELL. I see. They were convicted in absentia, you mean.

Well, who were the remainder of the several hundred who were convicted? Were they from other organizations in the Sicilian Mafia?

Mr. BUSCETTA. Yes, from the different families of the Sicilian Mafia.

Senator MITCHELL. Thank you very much, Mr. Chairman. Thank you, Mr. Buscetta.

Senator NUNN. Thank you very much, Senator Mitchell.

I have just two other questions to ask on behalf of Senator Chiles who is now on the floor managing the budget resolution which is the pending business of the Senate.

One of them you have already alluded to, but he would like to ask specifically, what kind of relationship, if any, do the families have with the Colombian and Cuban drug cartels?

Mr. BUSCETTA. None, to my knowledge. I am not knowledgeable about this kind of connection.

Senator NUNN. How involved is the La Cosa Nostra in exporting cocaine to Europe? How involved is the U.S. La Cosa Nostra in exporting cocaine to Europe?

Mr. BUSCETTA. I am not knowledgeable about the Cosa Nostra in the United States. Concerning the Mafia in Venezuela, they ship a good deal of cocaine to Europe.

Senator NUNN. Mr. Buscetta, we appreciate very much your testimony today. It has been interesting. It has been informative. It has been helpful.

We will be making a number of recommendations following these hearings and your testimony will assist us in that regard so we are grateful to you and we thank you.

Mr. BUSCETTA. Thank you.

Senator NUNN. Do you have anything else you would like to add?

Mr. BUSCETTA. No, Senator.

Senator NUNN. Thank you.

We will now clear the room again. We will take about a 5-minute break while Mr. Buscetta exits the room. I will again ask the cameramen to please turn the cameras down as they leave the room.

We will have two more witnesses this afternoon, Mr. John C. Keeney, Acting Assistant Attorney General, Department of Justice; and Mr. David C. Williams, Director, Office of Special Investigations of the General Accounting Office.

We will have another hearing on this same subject on Friday of this week.

[Brief recess.]

Senator NUNN. The Subcommittee will come back to order. Our next witness is Mr. John C. Keeney, acting Assistant Attorney General, Department of Justice.

Mr. Keeney, we are delighted to have you today, and we are sorry that it has taken longer than we planned. I know you have been very patient in waiting for your turn to come as a witness.

We swear in all the witnesses before our Subcommittee. So I would have you and whoever you have with you——

Mr. KEENEY. I have with me David Margolis, Senator, chief of the Organized Crime and Racketeering Section.

Senator NUNN. Glad to have you.

Do you swear the testimony you give before the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KEENEY. I do.

Mr. MARGOLIS. I do.

**TESTIMONY OF JOHN C. KEENEY, ACTING ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF JUSTICE, ACCOMPANIED BY DAVID MARGOLIS, CHIEF, ORGANIZED CRIME AND RACKETEERING SECTION, AND PAUL E. COFFEY, DEPUTY CHIEF, ORGANIZED CRIME AND RACKETEERING SECTION**

Mr. KEENEY. Senator, I know you are running late, and we would be very happy to just go right to the questioning if you prefer.

Senator NUNN. Why don't you give us a brief summary? We do not want to crowd you that much. If you could summarize, we will make your complete statement a part of the record.[1]

I have already congratulated the Department of Justice and the FBI this morning in my opening statement for the initiatives you have made in the last few years. And so I again repeat that I think you have undertaken a number of initiatives.

You have also utilized the law better in recent years, like the RICO statute, electronic surveillance, and so forth. So I will not go into all of that. But again, I will say we appreciate the Justice Department's efforts. We think there is a long way to go, but we have come a way.

And we also appreciate very much your splendid cooperation with this Subcommittee in preparing these hearings.

Mr. KEENEY. Thank you, Mr. Chairman.

Mr. Chairman, in our statement we have set forth briefly the successes we have had, and you have discussed those with Director Sessions. We have discussed in some respect where we are going, for example, the expanded use of civil RICO. We have also discussed our concern about the emerging criminal groups, primarily the Asian groups. And we and the Bureau have conducted a study on that, and we are about to mount some pilot city projects in order to determine whether or not we should be more deeply involved in Asian organized crime.

At the same time we realize that we cannot let up on traditional organized crime. It comes through from the hearings today, that if we do not keep after organized crime and keep hitting them, that the organization is resilient, and that it will bounce back.

We have outlined some of the uses we have made of civil RICO, primarily in the labor area. We plan to continue with those initiatives.

And we plan to use civil RICO in any fashion we can. We think it is a very effective tool. We are very appreciative of what the Congress is doing now with respect to the amendments, and taking seriously the recommendations, they are few in number, that we have suggested to make the RICO statute more effective.

Finally, Senator, I would just like to say this in all sincerity, we thank you very much. We thank the Congress.

You have done wonderful things for us in the enforcement community. You have given us the immunity statute, which is a tremendous weapon.

It has not been discussed here much, but when you take the immunity statute; you add to that wiretapping; you add to that the RICO statute; you add witness protection, and you add what you

[1] See p. 452.

have done recently in the money laundering area; we could not—we will probably come back and we are going to ask you for a few things, but you have done an awful lot.

And from those of us in the law enforcement community, we are very grateful, sir.

Senator NUNN. Thank you very much.

Mr. Margolis, do you want to add anything? We are delighted to have you here today. Eleanore Hill tells me you are her boss, former boss, in years past?

Mr. MARGOLIS. Emeritus, Mr. Chairman.

I think Mr. Keeney summed it up very well, Mr. Chairman.

Senator NUNN. Thank you.

I questioned Judge Sessions this morning about the overall success of our law enforcemement effort, Mr. Keeney, after congratulating him and the FBI and the Justice Department on the many successful prosecutions, including some of the top people in these organizations; I read to him the various field reports from Chicago, and Detroit and Kansas City and Los Angeles and Miami and Newark which say in essence we have done a lot of things that put people behind bars, but the activities of La Cosa Nostra continue in our areas.

Judge Sessions acknowledged there were continuing problems, but said he believed he had the tools to do much more in the future, and he was very optimistic, I think; more optimistic than has probably been expressed in testimony before, on properly utilizing these tools, and basically, making great strides against La Cosa Nostra.

How would you respond to that same general inquiry that these field officers out there feel that even though we have had a number of successful prosecutions, it is generally business as usual?

Mr. KEENEY. The street operations are still ongoing, Senator, that is true. But what we have done is taken out the leadership element. In some cities we are down to the third level.

And in any organization, when you take out the leadership and continue to take it out, as we have been doing, and as we anticipate we will continue to do, we will start hitting hard at the money making aspects, the day-to-day operations, the gambling, the loan sharking, and hopefully the narcotics.

But narcotics seems like a never-ending problem, Mr. Chairman. It is not confined to organized crime. It just seems to be a national problem.

I am focusing here for the moment on the day-to-day street activities of the LCN. I am optimistic if we can continue the way we are going that we will keep them on the run.

Senator NUNN. The General Accounting Office will testify later today, and they have submitted a statement which makes several recommendations for improvements in our enforcement efforts against organized crime.

I would like to get your thought on several of these recommendations.

GAO has identified certain industries which are particularly vulnerable, as they view it, to the LCN, including land transportation, construction, and garment manufacturing. They find that what

they call imaginative restructuring of these industries by industry and labor is necessary to eliminate LCN influence.

Have you seen this recommendation yet?

Mr. KEENEY. Yes, I have seen that.

Senator NUNN. Could you give us your reaction?

Mr. KEENEY. Yes, we do not really disagree. The President's Commission on Organized Crime made similar recommendations.

But the way we operate, and I think it has been spelled out here a little bit today, is: we have been focusing on the organized crime groups. And while we were focusing on the groups, we have come out with a lot of industries where there are real problems, like the air freight industry at JFK in New York; the drywall industry in New York; the frauds that are being perpetrated by organized crime in the gasoline industry in New York.

We have the same objective, Senator, but we are coming at it from a little different direction. What we have done along the lines that they are discussing is: we have had discussions with and we are working very closely now with the Antitrust Division, so that they can use their personnel and the tools that they have, so that they can move against industries, particularly those where there is an organized crime element involved in the matter, but you do not have as heavily as you usually have the traditional organized crime muscle being used.

Those are some of the things we are doing. We are not unaware of the interest in moving into the industries as such. We are doing it, as I say, a little bit differently.

Senator NUNN. Let me try another recommendation on you.

GAO also recommends increased efforts by the Immigration and Naturalization Service in enforcing the exclusion laws against foreign-based organized criminal immigration.

Do you agree with this recommendation? Do you believe there would be a payoff in increased INS efforts?

Mr. KEENEY. Senator, I really do not know, and I really cannot answer that question. Do you want to try it, David?

Mr. MARGOLIS. Well, as to LCN members, Senator, they have been in the country a long time; many of them are naturalized citizens now.

As to the newer groups, whether they be Asians or Sicilians, efforts at keeping criminals out would certainly be welcome. I know it is done now.

Senator NUNN. Of course, nobody ever comes up and says, I am a member of the Sicilian Mafia; I'd like to be a citizen of the United States.

It takes a lot of investigative and intelligence coordination for INS to be able to have this information. That would not be part of their jurisdiction normally, would it?

Mr. MARGOLIS. I do not believe so.

Senator NUNN. Does your Department, the Justice Department, share information as to intelligence and who is a member of organized criminal activities abroad that may be seeking immigration here, so INS will have an intelligence source?

Do you know whether there is any kind of crosswalk between the intelligence of law enforcement and the Immigration and Naturalization Service?

Mr. MARGOLIS. There is, and I think the best example of that is, Mr. Keeney referred to our pilot projects on Asian organized crime. The Immigration and Naturalization Service is going to be a key player in that program.

Senator NUNN. Has that been ongoing for a long time, or is that something new?

Mr. MARGOLIS. That is something new.

Senator NUNN. Well, in the past, have we had a crosswalk between intelligence, identification of organized criminals abroad, and the INS, or is this something that is just coming?

Mr. MARGOLIS. I think it has existed, in the past; obviously, there could be more of it, and should be more of it. And in this Asian program, I think we will see more of it.

Senator NUNN. Well, I think we ought to pose the same questions to INS.

Mr. KEENEY. Senator, one point before we leave that.

To the extent that we have had the intelligence, we have shared it. We do have INS representatives on our strike forces, particularly in the border areas, Detroit, Buffalo, and so forth, and they have worked out well.

And we are, as Dave suggested, looking forward to working more closely with them with respect to organized crime, where their expertise will be extremely useful.

Senator NUNN. Thank you, Mr. Keeney.

The GAO also stressed the use of both criminal and civil RICO on other unions, and GAO recommends similar Government efforts against the Laborers International Union of North America, the Hotel Employees and Restaurant Employees Union, and the International Longshoremen's Association.

How do you feel about that recommendation?

Mr. KEENEY. We feel that is a good recommendation. Those are particular entities in which we have been interested for quite a while, Senator.

And those are the same organizations that were recommended for emphasis by the President's Commission on Organized Crime.

Senator NUNN. You also feel that you have available civil RICO against this kind of activity?

Mr. KEENEY. Yes, sir, we do. And on civil RICO here, I will put in a plug. There is one area where Congress could be helpful to us.

We have got a split in the courts as to whether or not the Government is an entity, the Federal or State governments are entities which can bring treble damage actions.

If the RICO statute is amended and that were included in it, it would be helpful to us. But it is a statute, Senator, which can be very effective.

We have learned that in the Local 560 case, and in the five or six other cases, we intend to build on our successes with RICO.

Senator NUNN. And you would like to see it amended to clarify that particular part?

Mr. KEENEY. Yes, sir, there are several amendments that we have proposed, and that is one of them.

Senator NUNN. Have you testified on that before the Judiciary Committee?

Mr. KEENEY. I have testified, not in the last year; but I have testified previously before it, yes, sir.

Senator NUNN. The committees are aware of that recommendation?

Mr. KEENEY. Yes, sir, the committees are aware of it.

Senator NUNN. The RICO provisions were enacted in 1970, but the first civil RICO lawsuit was not filed until 1982. 12 years later.

Can you tell us why it took so long to start utilizing civil RICO?

Mr. KEENEY. Well, Senator, first of all we moved in the criminal RICO area, and we moved fairly slowly there. It was a complicated statute; we had to go through a learning process.

And then we were very careful in the type of cases that were brought under the statute, because the statute was subject to interpretation. We wanted to make sure that the case law developed favorably from an enforcement standpoint.

For that reason, we were very careful in the number of cases we brought, and the type of cases we brought.

And if you look at the cases that have been brought under that statute, there were very few bad cases brought. That was because of our slow approach.

We did virtually nothing with civil RICO for a number of years, and again, we are going through the learning process. In the Local 560 case in Newark, we ran a pilot project, and we think we have mastered the statute, and we think we are going to be able to use it more effectively.

If the criticism is that we move slowly, it is valid criticism, Senator.

Senator NUNN. Private parties are also entitled to sue for relief under the civil provisions of RICO. Do you know of cases where industry members, or associations, or say, union members, have brought private suit under civil RICO?

Mr. KEENEY. Offhand, I do not. Do you, David?

This is Paul Coffey, Mr. Chairman, and he is our expert on RICO, both criminal and civil. Would it be all right if he joined us?

Senator NUNN. Certainly.

Let me give Mr. Coffey the oath here. Do you swear the testimony you give before our Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COFFEY. I do.

Senator NUNN. We will just pose that question to you: Do you know of private, civil RICO suit efforts by associations, members, or union members?

Mr. COFFEY. I believe the members of Local 507 in Cleveland have brought a civil RICO alleging that funds provided to alleged ghost employees belong to the membership. And I think the plaintiffs in that suit have sought the return of those funds.

But those matters are involved in other litigation at this point.

Senator NUNN. They are pending now? They have not been concluded?

Mr. COFFEY. I believe it is. I believe that suit is still pending in Cleveland.

Senator NUNN. Any other instances you know of?

Mr. COFFEY. I believe there are one or two other instances. But that is the only one that comes to mind.

Senator NUNN. If you have that information, could you furnish it for the record?

Mr. COFFEY. Yes.

[See Exhibit No. 28 on p. 801.]

Senator NUNN. Your statement, Mr. Keeney, mentions the success of the UNIRAC investigation of LCN influence. We had a set of hearings on that after it had occurred, after the investigation and a lot of the successful prosecutions had occurred.

Looking back on that now, what has been the result of those UNIRAC investigations, particularly as far as the ILA is concerned and the shipping industry?

Mr. KEENEY. Well, I think we cleaned up the situation temporarily, but as we have been learning in these hearings, when you clean these things up, it is not permanent.

We have to be vigilant, and as I say, the ILA is one of the organizations we are looking at right now.

Senator NUNN. You are in the process of following up on that?

Mr. KEENEY. Yes, sir.

Senator NUNN. So you do not just cure the problem? It does not necessarily stay cured; is that what you are saying?

Mr. KEENEY. That is exactly what I am saying, Senator.

Senator NUNN. We have been told that the LCN, Cosa Nostra, is changing. We have been told that there is a new breed of soldier, a greedier, higher profile, less disciplined, more prone to violence.

Do you agree with that?

Mr. KEENEY. I think it is true in some areas of the country, in some of the major cities, that some of the younger people are less disciplined. They do not have the seasoning that some of the elder dons have who moved very slowly and carefully and tried to maintain a fairly low visibility.

In some areas of the country we have the leadership almost looking for publicity.

Senator NUNN. I mentioned to Judge Sessions this morning the pattern of noncooperation between the Labor Department's Organized Crime and Racketeering Section, and the FBI over a period of time that has come to our attention.

Are the Justice Department top officials and Labor Department top officials working on this problem? Are you trying to instill more cooperation? Iron out problems?

Mr. KEENEY. Yes, sir, that has been a matter of considerable concern to us.

Mr. Revell mentioned the memorandum of agreement or understanding, which is a step forward.

We have had some problems which we have addressed in particular communities, most particularly, Philadelphia, where the situation between the two agencies was not good at all. And the last time we sat down with Philadelphia, the situation seemed to be extremely good. As a matter of fact, I could not believe what I was hearing.

But some of the rough spots have been ironed out.

We have tried to help, too, Senator, in that we have been working with the Labor Department, and we worked out an arrangement, and I know you are very interested in this, whereby we have a trial deputation program where the Labor people were given

what they have been seeking, full law enforcement authority for a trial period.

And we will continue to work with them in that regard.

Senator NUNN. Well, that is encouraging. We have gotten into that several times, and have been rather discouraged about the lack of coordination.

Your statement cites the Justice Department Organized Crime and Racketeering Section as responsible for the organized crime program, a role which as I understand it has rested with that section for many years.

On January 2, 1988, Attorney General Meese signed an order directing new and expanded initiatives in the Federal organized crime effort.

As I read the order it really addresses primarily the division of authority between the United States Attorney and the Justice Department organized crime strike forces.

As I understand it, it greatly increases the role of individual U.S. Attorneys in strike force cases, including such areas as the initiation of investigation; wiretap requests; all major investigative steps, including search warrants; and the determination of the composition and duties of the litigation team.

The order even names the U.S. Attorney as opposed to strike force superiors in Washington as the rating official for the performance rating of the local strike force chief.

Regarding that order, I would like to ask both you and Mr. Margolis, Chief of the Organized Crime Section, a couple of questions.

First, is this order and the increased authority which it gives to individual U.S. Attorneys consistent with the strike force responsibility for coordinating organized crime matters?

I would like to get your personal views on this.

Mr. KEENEY. My view would be, it is consistent, Chairman Nunn.

We have the strike forces; they have been in the field now for 21 years. They have been very successful. They are established.

There has been some tension between some United States Attorneys and the strike forces, because to a limited extent, they are competing.

However, what the Attorney General tried to do here was to recognize those tensions and encourage the United States Attorneys to become more active.

And some of the things you have read out there, Senator, are things that have been on the books for years. I mean, the case initiation reports go to the, and have gone to the, United States Attorneys for a number of years.

Wiretap applications have always been—we have always intended, and correct me if I am wrong, Mr. Margolis—always intended that they go through the United States Attorney.

It is just a bringing together in a closer way the strike force operation and the United States Attorney.

Senator NUNN. Mr. Margolis, could you give us your personal view on this? Do you believe this was necessary? And do you believe it has gone too far?

Mr. MARGOLIS. I should point out, Senator, that I think there is no substantive change in this new initiative of January 20th, except for the change in rating officials.

That is a substantive change; that is a major change. Everything else that is in that memo has always been in the strike force guidelines, and it is a matter of reemphasis at this point; reemphasis never hurts.

As to the rating official situation, I am not going to sit here and tell you that I recommended that. But it is there. I have got 14 strike force chiefs who will do what they think is right regardless of who rates them, so I think that is something we can live with.

And if we cannot live with it, I will be the first one after July 1, 1989, when it is first effective, I will be the first one to say so.

But I think we can live with it. Especially you will note that the reviewing official, who has the final say on any rating, is the Assistant Attorney General for the Criminal Division; not the United States Attorney.

Senator NUNN. So you have some possible misgivings about that one?

Mr. MARGOLIS. No bureaucrat likes to lose any of his turf, and I am not different from anyone else.

But I think, compared with the alternatives, we can live with it.

Senator NUNN. What other areas would you say we ought to watch carefully, let me put it that way, in terms of the relationship between strike force and U.S. Attorney?

Mr. MARGOLIS. Well, I think what we all have to watch, the Senate and ourselves, is to make sure that while a little competition makes everybody work harder, that it doesn't become dysfunctional.

You were talking a minute ago about the Labor Department and the FBI, the strike force attorneys, United States Attorneys, they are all proud. They are all professionals.

Up to a point, everybody works harder with competition. I think what the Attorney General intended to accomplish here with these expanded and new initiatives was to make sure that the aggressiveness and competition is channeled correctly.

And we will see what happens.

Senator NUNN. Mr. Keeney, Mr. Margolis, we appreciate both of you being here.

Would you like to add anything else this afternoon? Do you have any other recommendations for us?

We will be asking you some written questions for the record.

Mr. KEENEY. Senator, we will be responding. There are certain suggestions made here today, one of which is civil forfeiture in the RICO area.

I would not want to leave the impression that any of us here thought that that is a very simple matter, because it is not.

Because the RICO statute is basically an in personam statute. And when you are talking about forfeiture, and that is what I am talking about right now, giving us a civil RICO forfeiture provision, I am all in favor of it.

But you have to keep in mind that civil forfeiture is an in rem matter. And what we are dealing with in the criminal provisions is an in personam matter.

I just want to leave a caveat that this is not a simple fix; that if you are going to attempt it, that staff is going to have to work with us very closely to try and come up with a viable statute.

I am not opposing it. I am just suggesting that it is not something that can be done simply.

Senator NUNN. Any other suggestions for us this afternoon? Mr. Margolis, do you have anything?

Mr. MARGOLIS. Mr. Chairman, just in response to a question you asked earlier, about the difference between the old mob and the new mob in the United States, in reading through the materials, it is clear they do business very similarly to the way they did it back in Joe Valachi's day.

But one of the differences I notice now is, the younger people are more desperate; they are less insulated, so they have to get out front when they are committing crimes; and finally, when they see witnesses like you had here today, and you will be having later in these hearings, they do not know whom to trust.

And that wreaks havoc with them, and I think that is important.

Senator NUNN. Thank you. We appreciate both of you being here, and thank you for your cooperation.

Our next witness is Mr. David C. Williams, Director of Office of Special Investigations with the General Accounting Office, accompanied by Mr. Donald J. Wheeler, who is the Assistant to the Director, and, the Special Agent who will be accompanying them is Mr. Thomas Ciehanski.

I'll ask all three of you, if you would, to please hold up your hands before you get comfortable here, and let me give you the oath which we give to all of our witnesses.

Do you swear the testimony you give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WILLIAMS. I do.

Mr. WHEELER. I do.

Mr. CIEHANSKI. I do.

## TESTIMONY OF DAVID C. WILLIAMS, DIRECTOR, OFFICE OF SPECIAL INVESTIGATIONS, GENERAL ACCOUNTING OFFICE,[1] ACCOMPANIED BY DONALD J. WHEELER, ASSISTANT TO THE DIRECTOR, AND THOMAS CIEHANSKI, SPECIAL AGENT

Senator NUNN. Mr. Williams, we are delighted to have you here today. We are running late, as you well know, and we appreciate not only your tremendous work, but also your patience in waiting to give your testimony today. So we thank you for being here and we are delighted to receive your testimony.

Mr. WILLIAMS. Mr. Chairman, I appreciate this opportunity to appear here today. At your request, the Office of Special Investigations, U.S. General Accounting Office, has gathered information on the effectiveness of the U.S. Government's law enforcement efforts directed against La Cosa Nostra, and on the future course of those efforts. Today, I will discuss the results of our examination.

Much of our information was gained from extensive interviews with individuals in the law enforcement community, including members of Federal strike forces, State government agencies, and various U.S. Attorney's Offices. We relied heavily on the knowledge, judgment, and experience of these individuals.

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[1] See p. 492 for Mr. Williams' prepared statement.

The LCN criminal enterprises are secretive in nature. Therefore, the size of the LCN and the scope of its activities are difficult to determine. The effects of the Government's efforts directed against it are difficult to judge as well. Nonetheless, it is clear that the Government has had recent successes against the LCN. At the same time, law enforcement officials have informed us that the LCN still survives and possesses an array of assets and revenue-earning enterprises, both legitimate and illegitimate.

Today, I will address the Government's recent efforts directed against the LCN and conclude with some suggestions as to the future direction of those efforts, which we have gathered in our interviews with law enforcement officials.

I would like to begin, however, by addressing the LCN's origin and evolution. The LCN can be traced to a revolutionary organization in Sicily called the Mafia. Elements of the Mafia fled Italy and immigrated to this country during the late 1800's. By 1890, Mafia organizations were established in New Orleans, New York, and elsewhere. In the 1920's, Prohibition provided these organizations with opportunities to develop great wealth and power. By 1931, La Cosa Nostra, the American version of the Mafia, had become organized and operational following a violent war of consolidation.

In the nearly 60 years of the LCN's evolution, a sophisticated and stable criminal organization has developed with rules and a behavioral code that have contributed to its success and survival.

The Federal Bureau of Investigation has estimated that the LCN empire consists of 25 independent families or centers of power, that together contain at least 2,000 members. Remarkably similar ruling bureaucracies are found among the families and have existed since the LCN's early years. Behavior in the families is dictated by a code. The strongest features of this code are respect for the LCN leaders and omerta, which dictates that members are forbidden from betraying one another to the police. Another feature of the LCN is its dependence upon violence.

The LCN's sole purpose is to make money while reducing the risks of apprehension for its hierarchy. The backbone of the organization is its reliance on street vice, such as narcotics, gambling, and loan sharking.

One of the LCN's most insidious enterprises is labor racketeering, which not only generates cash, but also provides the LCN with power and influence. Most of the thousands of labor unions in this country are law abiding and free of any associations with organized crime. However, for many years, the LCN has exploited some labor unions. In many cases, the LCN-dominated unions have proven to be particularly valuable to the LCN in gaining and maintaining control of industries such as construction, transportation, and meat processing.

There has been a transition in the way that the LCN has exploited unions over the years. Between the 1930's and the 1950's, the emphasis was on pilferage from the general union funds. In the 1960's and early 1970's, the LCN stole from union benefit funds through loan schemes and used the proceeds to finance LCN enterprises and purchase business assets. However, because of the risks posed by laws such as ERISA, the Employee Retirement Income Security Act, and, more recently, the Crime Control Act of 1984, the

LCN has been forced to change its tactics. In recent years, the LCN has developed highly sophisticated schemes that drain the union's trillion-dollar pension and welfare funds through phony service providers, and through cooperative service providers that kick back overcharges to the LCN. These mob service providers include medical, dental, eye-care clinics, legal-service providers, and accountants.

The LCN is so deeply involved in certain industries such as shipping, construction, meat-processing, and waste disposal, that sectors of the U.S. economy are heavily influenced by the mob's presence.

From its holdings in legitimate businesses and its dominance of certain unions, the LCN has acquired a veneer of respectability. This has been translated into an impressive network of political and corporate contacts.

Over the years, the Government has made great strides in its effort to dismantle the LCN and its powerful network.

In 1951, a Congressional Committee chaired by Senator Estes Kefauver declared that a nationwide crime cartel, which it called the Mafia, operated in many large cities throughout the United States. In 1957, authorities discovered at least 75 of the nation's organized crime leaders gathered for a meeting in Apalachin, New York. Following this discovery, public hearings held by Senator John L. McClellan, Chairman of the Senate Permanent Subcommittee on Investigations, disclosed further evidence of a massive criminal organization in the United States. A highlight of these hearings was the defection and testimony of LCN soldier Joseph Valachi.

After the McClellan Subcommittee hearings, then-Attorney General Robert Kennedy launched a concerted Federal law enforcement effort against the LCN.

In the late 1960's, the Department of Justice created its Organized Crime Strike Force program, which brought together senior investigators and career prosecutors to investigate and prosecute LCN figures. At the same time, Congress began designing legal tools to combat organized crime, such as the Racketeer Influenced and Corrupt Organizations Act, known as RICO.

These legal tools, however, were not always put to immediate use by the Government. Despite the passage of RICO in 1970, prosecutors proceeded cautiously, and criminal indictments of high-level LCN members under RICO did not occur in significant numbers until the 1980's.

The first civil RICO lawsuit was not filed until 1982, a full 12 years after the Act's passage. The prosecutors' caution was attributable, in part, to their need to become familiar with a new law and their uncertainty as to how the courts would react to such a far-reaching statute. However, in retrospect, such a lengthy delay in the use of RICO is difficult to justify.

During the early stages of the Government's concerted efforts, another important development occurred—the increased use of electronic surveillance.

Around 1980, the Government began emphasizing the use of wiretaps and room microphones in organized crime enforcement efforts, with a view toward focusing their energies on larger criminal conspiracies engaged in by the LCN.

LCN specialists within the United States Attorney's Office in the Southern District of New York and the FBI began focusing their efforts on the leadership of the five families—the Colombo, Gambino, Genovese, Luchese, and Bonanno families. These efforts produced significant results. The Commission case resulted in the conviction of three of the New York City bosses on labor racketeering charges related to the control of the concrete industry in New York City. The Pizza Connection case resulted in the conviction of 17 individuals on charges related to trafficking in heroin between the United States and Sicily and the laundering of $25 million in profits.

Further west, two FBI Strike Force operations, Pendorf in Chicago and Strawman in Kansas City, led to the conviction of members of the Chicago family as well as LCN leaders in Milwaukee and Cleveland. Both investigations concerned the Teamster Central States Pension Fund in Chicago, and, in particular, use of the funds to provide the LCN with secret ownership in real estate and businesses, especially in the casino industry in Las Vegas.

Between 1983 and 1986, over 2,500 LCN members and associates were indicted. Among those convicted were the following 16 mob bosses: Tony Salerno, Tony Corallo, Carmine Persico, Philip Rastelli, Eugene Smaldone, Carlos Marcello, Joseph Aiuppa, Nick Civella, Carl Civella, Dominick Brooklier, Frank Balistrieri, Gennaro Angiulo, Russell Bufalino, Nicodemo Scarfo, James Licavoli, and Michael Trupiano.

In recent years, court-imposed penalties have also allowed the Government to begin seizing cash and other assets from the LCN.

In 1982, 22 years after the McClellan hearing exposed the LCN-union connection, the Government sought to place the International Brotherhood of Teamsters Local 560 into trusteeship. Since then, the Government has sought to place five other LCN-dominated unions into trusteeship.

The membership losses caused by the Government's continuous war have presented the LCN with numerous problems.

First, the recent convictions of LCN leaders have left leadership vacancies. This has forced sudden promotions from lower, less-experienced ranks and has created operational difficulties.

Let me explain how the forced promotions have damaged the LCN's operations. The LCN has several tiers of criminal enterprises. The lowest level street-crime enterprises, such as illegal drug sales, gambling, and loan sharking, are managed by soldiers and associates, and do not require sophisticated management skills and contacts. They rely heavily on intimidation, threats, and violence. The higher tiers of criminal enterprises, such as industry management, political corruption, and labor racketeering, are conducted by the LCN leadership. The activities at these levels rely on networking between the LCN and co-conspirators who craft fragile and complex agreements for their mutual benefit. Overseeing these activities requires managerial ability and experience. Inexperienced, violent wise guys who are promoted too quickly to the LCN's top management to replace convicted leaders lack the skills needed to oversee the more sophisticated enterprises operated by the upper levels of the LCN.

Second, the LCN cannot simply hire entry-level replacements. Recruitment is risky. Undercover agents and confidential informants from a host of law enforcement agencies eagerly await recruitment opportunities.

Today, the law enforcement community has a number of effective legal tools to assist in its efforts directed against the LCN.

I have already mentioned RICO. Prior to the passage of RICO, attacking an organized criminal group was an awkward affair. With the passage of RICO, the entire picture of the organization's criminal behavior and the involvement of its leaders in directing that behavior can be captured and presented. Additionally, the Act prescribes serious criminal penalties for the kind of crimes that top LCN leaders engage in.

The Comprehensive Control Act of 1984, co-sponsored by you, Mr. Chairman, amended and strengthened various provisions of the Federal law dealing with labor racketeering. With the passage of this Act, individuals involved in bribes or payoffs now face felony charges. Additionally, the Act lengthened the list of criminal violations that are a bar to the employment in labor-management relations positions, and positions with employees' benefit plans. The Act also increased the period that a convicted labor racketeer could be barred from 5 to 13 years.

Senator NUNN. How much has this statute had to do with recent prosecutions? Has it come into play very often? We worked on this one a long time, and it has been in effect now what, 3 years, almost 3½ years? Has it been utilized very much? Have there been many convictions?

Mr. WILLIAMS. Sir, that particular Act is used primarily to follow up on convictions and to follow up on Government initiatives. In order to proceed on a prosecution, the Justice Department has taken the position that a union leader must be warned, and then if he is in defiance of that warning, then they will proceed with a prosecution.

That conservative position has prevented prosecutions, but it has been a very effective tool in enforcing the progress that the Government has made in those areas.

Senator NUNN. What about the disqualification from serving in labor-management positions after conviction? Has that come into play very much?

Mr. WILLIAMS. Yes, sir. That has been fairly effective. The Department of Justice, primarily because of resource limitations, does not make routine notifications of labor leaders when they are convicted, and corrupt management officials. They only make notifications when they have some reason to believe that those individuals are going to remain in their positions.

The Office of Labor Racketeering makes routine notifications because of their fear that people will remain in the positions.

What I would like to see, and what would be more effective, is if there were enough resources to make the kinds of notifications to everyone who is convicted. That would make the Act more effective.

Senator NUNN. Why would resources be a problem? I do not understand that. There are not that many people convicted, are there?

Mr. WILLIAMS. In recent years, there have been a significant number of people convicted. Also, the notification has to be made both to the individual that is convicted, and either to the union or the employee benefit fund that employs them, the entire executive board and all of the trustees.

It is a rather lengthy process. Right now, the responsibility for that resides inside the strike force, and Mr. Jerry Toner, who was here a moment ago, is responsible for that, and there are not enough resources dedicated to make the number of notifications needed.

Senator NUNN. Go ahead.

Mr. WILLIAMS. The Witness Security Program has proven to be a boon in turning major organized crime figures into informants and witnesses. The cooperation and testimony of such program participants as "Jimmy" Fratianno and Angelo Lonardo have triggered numerous successful criminal prosecutions. These violations of the code of silence have made family members distrustful of one another and are weakening the foundation upon which the LCN was established.

Another significant tool is the Bail Reform Act of 1984, which established new guidelines for pre-trial detention. Several strike force attorneys report that as a result of the 1984 legislation, defendants have pled guilty and become cooperative witnesses.

Electronic surveillance is probably the most important tool, and has been of the greatest value to the law enforcement community in combatting the LCN. In addition, this tool precludes the LCN members from freely communicating with one another and conducting day-to-day business.

Mr. Chairman, I have discussed some of the important results of the Government's attack on the LCN. You also asked that we suggest a strategy that the Government may wish to consider in its future assault. Law enforcement officials have made various suggestions to us during our discussions with them regarding a future strategy to combat the LCN and other organized criminal groups. Based on those discussions, we offer seven suggestions.

First, the next stage of the Government's efforts will require careful strategic planning. A well-thought-out plan should establish objectives, assign responsibilities, and allocate the Government's finite resources. The current strike force planning vehicle, the National Organized Crime Planning Council, could be expanded and intensified to accomplish this.

Second, our interviews suggest that the industries vulnerable to the LCN's influence, such as the waterfront, land transportation, construction, and garment manufacturing, may require sophisticated, imaginative restructuring by industry and labor experts if we are to make permanent progress in eliminating the influence of organized crime in those industries.

Third, the Department of Justice should begin using new legislative tools as quickly as possible, such as the new Money Laundering Control Act, which is directed at the money-laundering services so necessary to the LCN. Focusing on the LCN's money-laundering services directs the Government's efforts at the wealthy upper hierarchy of the LCN.

Fourth, the specter of foreign-based organized criminal immigration, which law enforcement agencies brought to our attention, requires prompt action on the part of the Immigration and Naturalization Service. Organized criminal groups are preparing to flee Hong Kong when control of that territory reverts to mainland China. Additionally, the "Maxi Trial" in Sicily is causing organized crime members to consider immigrating because of fears of prosecution or becoming casualties in the expected wars of succession. Colombian drug cartel members are also seeking to expand their operations in the United States. The INS must vigorously enforce the exclusion laws and develop strong working relationships with the police of other nations to prevent criminals from entering the United States. Taking action now will prevent the new organized criminal groups from establishing a base in this country.

Fifth, the LCN-dominated unions should not be allowed to remain under the mob's control. If the LCN holds them captive, the Government should take action to end the LCN's domination using current available civil and criminal remedies.

In addition to the reported pending Government actions against the International Brotherhood of Teamsters, the Government should also consider taking action against the other LCN-dominated international unions named by the President's Commission on Organized Crime: the Laborers' International Union of North America, the Hotel Employees and Restaurant Employees Union, and the International Longshoremen's Association.

Sixth, while law enforcement agencies pursue their attack on the LCN hierarchy, they must also seek to better understand and address the problem of the LCN's continuing recruitment and induction of new members.

My seventh and final point is that we must continue to focus public attention on the LCN and its activities. Publicity, like that provided by today's hearing, increases public understanding of how the LCN operates. Publicity also increases the risk of exposure for those participating in the LCN's activities, particularly the political figures and businesspeople who are enticed by the LCN's promises of power and easy profits.

Mr. Chairman, this concludes my statement. I will be pleased to respond to any questions that you have at this time.

Senator NUNN. Thank you very much, Mr. Williams. We appreciate so much your efforts and assistance to the Subcommittee. You have been invaluable.

Mr. Wheeler, do you or Mr. Ciehanski have anything to add at this point?

Mr. WHEELER. I think Mr. Williams has adequately addressed the problem. I can only say that we are encouraged that the Subcommittee is continuing their tradition of focusing on the problem of organized crime, and keeping the problem in the public's eye.

Mr. CIEHANSKI. I have nothing to add, Senator.

Senator NUNN. A few questions. What is the principal source of power for the LCN, based on your investigation?

Mr. WILLIAMS. The principal source of power for the LCN comes from the labor unions, both the power that is resident in the unions and the fact that it provides them with such a powerful network of contacts in the corporate world. Labor unions allow the

LCN access to political power and influence through endorsements and political action committee contributions.

Senator NUNN. What is the chief source of revenue?

Mr. WILLIAMS. The chief source of revenue, as we are able to determine, is drug sales. This represents a fairly recent change.

Senator NUNN. Did you run across any organized crime families that are not involved in drug trafficking?

Mr. WILLIAMS. We have encountered none. As far as we know, they are all involved.

Senator NUNN. You have named certain industries as especially vulnerable to LCN influence, including the waterfront, land transportation, construction and garment manufacturing.

What do these industries have in common, if anything, that makes them vulnerable?

Mr. WILLIAMS. Probably the thing that they most have in common is that all of them suffer serious financial losses that result from even short delays, whether it is through spoilage or through the cost of finance. In the case of construction, or spoilage in the produce industry, these industries can be easily extorted because of the cost of these delays.

The industries also seem to be organized by La Cosa Nostra unions, and they are well organized by those unions. The industries are labor intensive, and the labor costs are often the chief cost in the operation.

The industries are frequently involved in economic areas where monopolies exist, or where they threaten to exist. Those are the features of a typical organization that would be vulnerable.

Senator NUNN. One of your recommendations is that the industries that are vulnerable to the LCN be restructured. What do you mean by restructuring? How would that be carried out? And would it be by Government mandate or by voluntary action?

Mr. WILLIAMS. I think almost certainly it will have to be by Government mandate or pressure. There is going to be a witness that appears before you later who is very good on this topic, Ronald Goldstock. His thinking and his work have progressed possibly beyond anyone else's.

I can tell you, though, that an early example of industry restructuring was the outlawing of the shape-up in the ILA. In early years, a group of men would appear for work every day and the union would pick from among them, who would receive work and consequently who would receive pay that day.

That allowed the union to suppress people's rights, extort parts of their salaries from them. It opened up a whole host of abuses. When that practice was outlawed, a number of extortionate practices became impossible for the LCN on the waterfront.

Restructuring requires examining an industry, creating a flow chart of that industry's activities, and isolating the choke points where the LCN can lodge itself and extort the industry.

The restructuring would focus on those choke points and whether they would use antitrust measures, inspections, or other regulatory efforts. They would eliminate those vulnerable sectors of the industry to starve out the LCN.

Senator NUNN. You traced for us the LCN's involvement in narcotics. You say now that that is the biggest source of their revenue,

but at a certain period of time they were not involved to any great degree. Is that correct, and what changed, if anything?

Mr. WILLIAMS. My understanding is that the LCN, for many years, has been involved in narcotics. Early on, the LCN was primarily involved with heroin, and the financing and movement of heroin from Southeast and Southwest Asia.

The LCN has always been nervous about their involvement in narcotics. They are nervous for a number of reasons. They do not want their associates and their members to become addicted. Narcotics convictions bring about extremely lengthy sentences. There is enormous pressure for someone trapped and caught in a narcotics violation to cooperate with the Government. They are fearful of that.

Because LCN members are not smugglers and because they do not sell on the street, it also brought them in contact with less-disciplined gangs and organized crime groups. They were fearful of these groups knowing about LCN's business because they were afraid those other groups would betray them to the police.

Recently, they had to balance that off against the possibility of becoming irrelevant. The Colombian gangs, with their Cuban and Jamaican allies, are growing with such speed that they are beginning to rival the LCN with regard to their assets and their income.

Those other groups do not have the contacts of the LCN in the political world and the corporate world. But if La Cosa Nostra wishes to remain relevant inside the criminal world, they have to become involved with drugs. It is too big, and it is too lucrative.

Senator NUNN. We have heard for years about various members of the LCN being at war with each other—murders, so forth, battles for power. We do not hear much about the LCN being involved in battles with emerging crime groups, other types of groups that are involved in narcotics, whether it is a Chinese group, Japanese group, Irish group, or any other group.

Do those kinds of battles occur?

Mr. WILLIAMS. As you said there is no evidence that a lot of that has occurred. One reason is they complement one another's efforts.

Some of the foreign-based groups focus primarily on smuggling and importation, which the LCN has not become involved with.

Other groups, the street gangs, are pretty much involved with street sales, high-risk and low-volume sales on the street. The LCN appreciates the fact that they do not have to become involved with that, for apprehension is a fearful likelihood.

So one reason that they do not fight more often is that they complement one another's efforts. There have been some instances, and I think a lot of those have swirled around the LCN coming into clashes with motorcycle groups. The younger members of the LCN have fought with the motorcycle groups over drugs.

Senator NUNN. Isn't that bound to occur more as the emerging groups become more powerful and move into other activities?

Mr. WILLIAMS. You would expect that, particularly if the LCN has the hope of maintaining its grip on the neighborhoods where they are no longer the premier force, or where they hope to expand their drug businesses.

The drug business is a very wide open, free market right now. Anyone who would seek to institute a monopoly would meet with a great deal of violence.

Senator NUNN. I understand that you have reviewed the makeup of the Chicago LCN family, both as depicted in 1963 on the Valachi charts, and also today on the charts that have been introduced this morning.

Can you give us a summary of what you have discovered in making that comparison?

Mr. WILLIAMS. Yes, sir. We can. There are some tremendous similarities between the Valachi-era family in Chicago and the organized crime family today.

Like then, they are organized into north, south, and west groups. There is no east group because that is Lake Michigan in Chicago.

The west group is by far and away the most powerful group in Chicago. It is where most of the LCN members work and where most of the LCN members live. The Chicago family, as was the case back then, is the strongest family outside New York City. It is also the most violent.

Since that family's existence there have been, I think, 1,100 gangland slayings in Chicago. Until quite recently, and certainly during the Valachi era, the hierarchy of the Chicago LCN was well insulated and invincible. That has changed dramatically in recent years with the FBI operations, Pendorf and Strawman in Chicago and Kansas City. Those operations did much to riddle the LCN hierarchy and its middle-management layers with convictions.

Today, Joe Ferriola heads the Chicago's day-to-day businesses. Joey Aiuppa, the former boss, is in prison, and his predecessor, Tony Accardo, is in retirement and very inactive.

Ferriola, like Aiuppa, and Accardo, and their predecessor, Momo Giancano, all were from the west group. That is from where all of the leaders of the Chicago family have come. They are located in the near west suburbs of Chicago.

Ferriola today is a very strong and violent leader. He holds much tighter reins than any of his predecessors have for many years. There is evidence from looking at the charts that during the Valachi era, those groups and those gangs came from the neighborhoods, and they were formed up into semiautonomous street gangs.

The organization of today is formed into a corporate-looking pyramid, and the hierarchy is formed in a traditional bureaucratic shape.

Chicago directly controls the family in Milwaukee and has very powerful interests in Las Vegas. Because it has a seat on the LCN Commission, it also mediates disputes and approves major initiatives for most of the Midwest, and all of the western LCN families.

In recent years, the influence of organized crime in Las Vegas has declined sharply. That is primarily a result of the fact that the Central States Pension Fund divested itself of its real-estate holdings there.

While the Central States Pension Fund had real-estate holdings in the casinos and hotels, those were thinly veiled LCN properties.

As was the case in the Valachi era, and is the case now, Chicago LCN leaders and members still hold a number of positions in labor unions.

Also, the Chicago LCN family controls two of the four international unions that are dominated by La Cosa Nostra. They control the Laborers' International Union and the Hotel Employees and Restaurant Employees Union.

Until very recently, they also controlled the International Brotherhood of Teamsters, but under the current administration, the ownership of that union has transferred from Chicago to New York. Those are some observations about the Chicago LCN.

Senator NUNN. Mr. Wheeler, do you or Mr. Ciehanski have anything to add?

Mr. WHEELER. No, Senator.

Mr. CIEHANSKI. No, Senator.

Senator NUNN. Mr. Williams, do you have anything else you would like to add today?

Mr. WILLIAMS. No, sir.

Senator NUNN. We thank you so much for your help. We are going to continue to rely on you. You have been terrific, and you have been indispensable for our being able to hold these hearings.

We will have other questions for the record.

Mr. WILLIAMS. A pleasure. Thank you.

Senator NUNN. Again, thank you for being patient today with the length of the hearing.

On Friday, April the 15th, in this room, the Hart Building, we will resume these hearings. We will hear from Mr. Angelo Lonardo, former acting boss of the Cleveland LCN family. We will have an FBI panel including James Ahearn, Special Agent-in-Charge, and some of his people from Boston, Massachusetts. Mr. Joseph Griffin, Special Agent-in-Charge, Cleveland, Ohio. Mr. Robert B. Davenport, Special Agent-in-Charge, from Kansas City, Missouri. Our final witness will be Mr. Frederick Martens, Executive Director of the Pennsylvania Crime Commission.

The Subcommittee will stand adjourned for the day.

[Whereupon, at 3:50 p.m., the Subcommittee was adjourned, subject to the call of the Chair.]

# ORGANIZED CRIME: 25 YEARS AFTER VALACHI

FRIDAY, APRIL 15, 1988

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 9:20 a.m., in room SH-216, Hart Senate Office Building, Hon. Sam Nunn, Chairman of the Subcommittee, presiding.

Present: Senators Nunn, Glenn, Chiles, Roth, and Cohen.

Staff present: Eleanore J. Hill, Chief Counsel; John F. Sopko, Deputy Chief Counsel; Harriet J. McFaul, Counsel; Richard A. Dill, Detailee/FBI; Leonard A. Willis, Investigator; Kathleen A. Dias, Executive Assistant to Chief Counsel; Mary D. Robertson, Chief Clerk; Cynthia Comstock, Staff Assistant; David B. Buckley, Investigator; Alan Edelman, Counsel; Harold B. Lippman, Investigator; Daniel F. Rinzel, Minority Chief Counsel; Stephen Levin, Counsel; Leonard Weiss (Senator Glenn); Steve Ryan (Senator Glenn); Debbie Kilmer (Senator Chiles); Rosemary Warren (Senator Sasser); Sean McAvoy (Senator Cohen); Pat Butler (Senator Stevens); and Richard Ashooh (Senator Rudman).

## OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. The Subcommittee will come to order.

We swear in all our witnesses before this Subcommittee.

Do you swear that the testimony that you will give before the Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. LONARDO. Yes.

Senator NUNN. Thank you.

This morning, the Permanent Subcommittee on Investigations presents its second day of testimony in its hearing on the status of organized crime in America. On Monday, we heard from the Director of the FBI, the Department of Justice, the General Accounting Office, and Tommaso Buscetta, a member of the Sicilian Mafia.

This morning, we will hear from the former underboss of the Cleveland Cosa Nostra family who, like Mr. Buscetta, can give us an insider's view of life within La Cosa Nostra.

We will also hear from law enforcement representatives in different areas of the country for a more accurate picture of La Cosa Nostra families in those regions.

Our first witness will be Mr. Angelo Lonardo. Mr. Lonardo, for reasons of personal security, has been relocated and is now living under an assumed name in an undisclosed location, in order to pro-

tect his identity. To maintain his security, he will be testifying, as you see, behind a screen. No cameras will be allowed to photograph Mr. Lonardo from the area in front of the screen.

To ensure the security of the witness, access to certain areas of the room will be restricted during the course of the testimony. I think that has already been explained to the members of the media with cameras here.

Mr. Angelo Lonardo, now before the Subcommittee, is the former underboss of the Cleveland Cosa Nostra organized crime family. On April 7, 1983, Mr. Lonardo was convicted of drug trafficking and racketeering charges and sentenced to life in prison, plus 103 years.

Subsequent to his conviction and after approximately 40 years as a member of the Cleveland LCN, Mr. Lonardo in 1984 became the highest ranking member of the American LCN to testify as a prosecution witness about the criminal activities of La Cosa Nostra.

His testimony was critical to the successful prosecution of high-ranking LCN figures throughout the United States. Mr. Lonardo agreed to testify as a prosecution witness as part of a cooperation agreement previously entered into with the government, specifically the U.S. Attorney for the Southern District of New York, in the Organized Crime and Racketeering Section of the Department of Justice. I will offer that agreement into the record now as an exhibit, and it will be appropriately numbered. It will be Exhibit No. 27. [Exhibit No. 27 may be found in the files of the Subcommittee.]

Among other things, in exchange for Mr. Lonardo's cooperation, the Government agreed to the dismissal of outstanding charges against him, a reduction in his sentence which would allow his release at any time at the discretion of the Parole Commission, and a guarantee of immunity for any testimony or information given by Mr. Lonardo in a court or grand jury proceeding.

Mr. Lonardo's testimony this morning is his first before a congressional committee. He is prepared to describe for us his initiation into the organized crime family, the operations of the Cleveland family and the Cleveland family's relationship with other mob families in such places as New York, Kansas City, and Chicago.

The witness has already been sworn, because we wanted to facilitate that before we had the cameras in the room.

Mr. Lonardo, we have many questions we would like to ask you this morning. The Subcommittee of the full Committee on Governmental Affairs has determined that your testimony is necessary for our hearing on the status of organized crime today in America.

Through your attorney, Mr. Joseph Jaffe, you have requested a grant of immunity for your testimony today. Although you have been previously immunized by the Government to the extent of your testimony in several criminal trials, it is the Subcommittee's understanding that your testimony would not be otherwise covered by that grant of immunity, that previous grant of immunity, and that absent an extension of that immunity to today's testimony, you would on the advice of your attorney invoke your Fifth Amendment privilege and decline to testify. Is our understanding correct?

**TESTIMONY OF ANGELO LONARDO, FORMER UNDERBOSS OF CLEVELAND'S LA COSA NOSTRA FAMILY,[1] ACCOMPANIED BY JOSEPH JAFFE, COUNSEL**

Mr. LONARDO. Yes.

Senator NUNN. Based on that understanding, the Subcommittee has applied to the U.S. District Court for the District of Columbia for an order immunizing your testimony from use in prosecution against you, and the Court has issued such an order. I am asking the Clerk to furnish you with a copy of that order and a copy for your attorney. Do you have that order?

Mr. LONARDO. Yes, I do.

Senator NUNN. Your attorney has the order. I am also furnishing a copy of the statutory provisions, 18 U.S. Code, sections 6001 through 6005, under which this order was issued. At this point, I will read the order to you:

On consideration of the application by the Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs and the memorandum of points and authorities and exhibits in support thereof, the Court finds that the procedural requisites set forth in 18 U.S. Code 6005 have been satisfied. Accordingly, it has the 6th day of April 1988 ordered that Angelo Lonardo may not refuse to testify in proceedings of the Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs on the basis of his privilege against self-incrimination.

And it is further ordered that no testimony compelled under this order or any information directly or indirectly derived from such testimony may be used against Angelo Lonardo in any criminal case, except a prosecution for perjury, giving a false statement or otherwise failing to comply with this order.

Senator NUNN. This order is signed by the U.S. District Judge, Thomas P. Jackson, U.S. District Judge for the District of Columbia, dated 6th of April 1988.

I will ask you and your attorney, do you understand the court order?

Mr. JAFFE. Yes, sir.

Mr. LONARDO. Yes, I do.

Senator NUNN. I understand that under this order you are prepared to testify?

Mr. LONARDO. Yes.

Senator NUNN. And you are sworn.

Mr. LONARDO. Yes.

Senator NUNN. You are sworn to tell the Subcommittee the truth, the whole truth, and nothing but the truth?

Mr. LONARDO. That is right.

Senator NUNN. I understand, Mr. Lonardo, that you have a shortened version of your statement this morning and your entire statement will be made a part of the record. I ask you to take your time, you have got water before you there and if you need to sip water occasionally, you can certainly do that. If you will, I believe these microphones pick up pretty well, so you do not have to put your voice right on them, but make sure that you are close enough.

Before we begin, Senator Roth has a short statement and then we will turn to you.

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[1] See p. 529 for Mr. Lonardo's prepared statement.

## OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Thank you, Mr. Chairman.

These hearings I believe are exposing the changing face of organized crime. Frankly, that changing face gives me cause for concern. On Monday, we were told that we are facing a new generation of the LCN which differs significantly from its predecessors. They lack respect for tradition and for the family, they have succumbed to the influence of drugs, both as traffickers and as users. As a result, they have become more greedy, selfish, more violent. Many have chosen to forsake omerta, the traditional vow of silence and turn in other family members to save their own skins.

Today, Angelo Lonardo, the son of an LCN boss and a former acting boss himself, will confirm from the inside this new face of the LCN. On Monday, Tommaso Buscetta, a former Sicilian LCN member, told us that these changes are not limited to the United States. Primarily because of drugs, he said, in Italy as well, there are no more men of honor.

While it may be true that the LCN has changed, what has not changed is the fact that it is still here, terrorizing citizens, draining our economy, and in many cases taking over legitimate businesses. As long as that is true, our efforts to eliminate organized crime must continue unchanged.

Thank you, Mr. Chairman.

Senator NUNN. Thank you, Senator Roth.

Mr. Lonardo, why don't you proceed.

Mr. LONARDO. My name is Angelo Lonardo. I am 77 years old, and I am a member of the La Cosa Nostra. I am the former underboss of the Cleveland organized crime family.

I became a member of La Cosa Nostra in the late 1940's, but have been associated with the organization since the late 1920's.

When I was "made" or became a member of La Cosa Nostra, I went through an initiation ceremony. I later learned that to be proposed for membership in La Cosa Nostra, you would have to have killed someone and stood up to the pressure of police scrutiny. Today, you do not have to kill to be a member, but just prove yourself worthy by keeping your mouth shut or by being a "stand-up" guy. However, if you are called upon to kill someone, you have to be prepared to do it.

In my case, my father was murdered by Salvatore Todaro in 1927. In revenge, my cousin, Dominic Sospirato, and I killed Todaro. This is one of the reasons that I was proposed for membership in La Cosa Nostra.

In the 1930's, my cousin, John Demarco, and I murdered Dr. Romano, the former boss of Cleveland, because Romano had a role in the death of my father, and we believed that he killed our cousin on the operating table.

At the time, I was not a member of the LCN, but Demarco was. As a result of the Romano murder, Demarco was condemned to death by the commission for killing a boss without okaying it with the commission. I was excused for my part in the murder, since I was not an LCN member and did not know the rules. Later, I attended a meeting with Al Polizzi, the boss of Cleveland, in Miami, Florida. It turned out that this was a commission meeting and that

Polizzi was defending Demarco's murder of Romano. I did not sit in on the meeting, but afterwards Polizzi told me that he had "straightened out" Demarco's problem with the commission.

During the 1930's, the commission put a "freeze" on the making of any new members. The commission put the freeze on since families, especially in New York, were not making the "right" kind of people. Some individuals were even buying their way into the LCN. I have heard that one businessman paid $50,000 to join the LCN. Because of the decree, I was not made into the Cleveland family until the 1940's.

John Scalish became boss of the Cleveland family around 1949. He took over for Al Polizzi, who tired of Cleveland and retired in Florida. In 1949, the Cleveland family had between 50 and 60 members. Scalish did not "make" any new members, so the strength of the Cleveland family diminished as its members aged or died. Scalish just did not want to make any new members.

Even though a small organization, the Cleveland family became involved in Las Vegas casinos through their association with the "Jewish Boys," Maurice Kleinmann, Moe Dalitz, Sammy Tucker, Tommy McGinney, who is dead, and Lou Rothkopf, also dead.

In the late 1940's, Wilbur Clark began building the Desert Inn casino in Las Vegas, Nevada. Clark was in need of additional capital and eventually went into a partnership with "the Jewish Boys" in order to obtain the necessary funding to complete the construction of the casino. Kleinmann, Dalitz, Tucker, McGinney, and Rothkopf were gamblers who owned the Beverly Hills Supper Club, a casino-type gambling operation in Covington, Kentucky.

A few years after the Desert Inn was licensed and operating, "the Jewish Boys" gave Al Polizzi, John King, and Frank Milano a "piece" of the Desert Inn in exchange for the Cleveland family's protection.

During the 1970's, the Cleveland family received money from two sources. The first source was the "skim" money from the Las Vegas casinos, and the second was our piece of the Pittsburgh family's Youngstown, Ohio, rackets. Our family received about $40,000 a month from Vegas and 25 percent of the Youngstown rackets, which would average about $5,000 per month. I did not learn about this arrangement until I became the underboss in 1976.

The skim of the Las Vegas casinos started in the early 1970's. Starting in 1974, I began receiving about $1,000 to $1,500 a month from the family, through Maishe Rockman. I did not know where the money was coming from, but I suspected that it was from the Las Vegas casinos. I learned this from various conversations that I had with Rockman.

In 1976, John Scalish died, and at a meeting at Scalish's house, Rockman told me and Jack Licavoli, who is also known as Jack White, that Scalish's wishes were that Licavoli become "boss" of our family. At first, Licavoli did not want the job, but I told him to take it, as those were Scalish's wishes.

Later, Licavoli made Leo Moceri his underboss and Tony DelSanter his consigliere. One day, I asked Licavoli if he had gone to New York and introduced himself to Tony Salerno as boss of the family. Licavoli said no, and that he did not know that he had to do this. I told him that it was only right, out of respect, since the

Genovese family represents us, Cleveland, on the commission. After this conversation, Licavoli went to New York to introduce himself as boss of our family.

Later, in 1976, Leo Moceri was murdered. Moceri had been murdered on the orders of John Nardi. I became underboss after Moceri's death.

After Licavoli named me underboss, he and I traveled to New York to introduce me to Salerno as underboss of the Cleveland family. I had known Tony Salerno since the 1940's, and out of respect for him and the Genovese family, it was proper to let them know of my appointment.

When I became underboss, Rockman told me the details of the Las Vegas casino skim operation. Rockman told me that the skim started when Allen Glick approached Frank Balistrieri about Glick's obtaining a Teamsters pension fund loan so that Glick could purchase a Las Vegas casino.

Balistrieri was the boss of the Milwaukee family. Balistrieri talked to Nick Civella, boss of the Kansas City family, since he controlled Roy D. Williams, who was a high official with the Teamsters. Civella told Balistrieri that he would find someone in Cleveland that could talk to Bill Presser. Civella got a hold of Rockman and asked him to talk to Bill Presser about getting a pension loan for Glick. Glick told Balistrieri that in return for the pension loan, he, Glick, would give the Milwaukee, Kansas City, and Cleveland families a piece of the casinos.

Rockman also told me that Glick received the Teamsters pension loan and purchased the Stardust, Fremont, and Desert Inn casinos.

[Witness consults with counsel.]

Mr. LONARDO. I do not remember about him purchasing the Desert Inn, though.

"Lefty" Rosenthal ran the skim operation in Las Vegas. Kansas City would get the money from Las Vegas and cut it up between themselves, Cleveland and Milwaukee. Rockman would travel to Kansas City or Chicago to obtain Cleveland's share. Rockman controlled the money and would cut it up with Scalish's and later Licavoli's approval.

Bill Presser and Roy L. Williams received about $1,500 a month for their role in the skim. The Cleveland family received a total of about $40,000 a month from the skim. Later, when a dispute arose in regard to the distribution of the skim between Milwaukee and Kansas City, Chicago settled the dispute and began receiving 25 percent of the skim. Chicago settled the dispute since Milwaukee and Kansas City answer to Chicago, the same way Cleveland answers to New York.

To the best of my knowledge, the skim continued until at least 1984.

Since the 1920's, my family has reported to the Genovese family in New York City. We always had a very good relationship with the Genovese family, and that is why they represent us on the commission. The Genovese family also represents the Maggadinno and Pittsburgh families.

There is a separate commission in Chicago. Chicago has control of all of the Western families, including Detroit. The Chicago commission makes and enforces the rules for those families and settles

inter-family "beefs." If there was a beef or problem that included New York families with Chicago on Chicago-controlled families, that dispute would be settled by members of both commissions having a sit-down and working out the dispute.

Senator NUNN. Mr. Lonardo, let me interrupt you right there and ask you just one or two short questions. Is there still a commission, to the best of your knowledge, in Chicago?

Mr. LONARDO. Up to the time I was out, yes.

Senator NUNN. What date was that?

Mr. LONARDO. Well, I knew at the time I was in Lewisburg, and that was in 1984 or 1985.

Senator NUNN. Up until 1984-85, to your knowledge there still was a commission of organized crime operating in Chicago?

Mr. LONARDO. Yes, there was.

Senator NUNN. I would ask you the same question about New York. Was there still a New York organized crime commission that basically controlled activities of La Cosa Nostra as of 1984-85?

Mr. LONARDO. Yes.

Senator NUNN. Since then, you cannot speak of personal knowledge?

Mr. LONARDO. I do not know.

Senator NUNN. Thank you.

Senator ROTH. Could I ask just two questions related to that, Mr. Chairman?

In speaking of these commissions, the Chicago commission and the New York commission, neither one was supreme, is that correct? Were they co-equal—did they work together in resolving disputes?

Mr. LONARDO. If there were disputes, they would—if there was a dispute with the West Coast family and an East Coast family, they would get together, yes.

Senator ROTH. But one was not paramount or supreme?

Mr. LONARDO. No.

Senator NUNN. They were on the same level?

Mr. LONARDO. The same level.

Senator ROTH. The second question, am I correct in understanding that no member can be put to death or should be put to death without the approval of the appropriate commission? In other words, must a family go to his commission to get that approval?

Mr. LONARDO. If it is a young member, they do not have to go to the commission, but if it is a boss from the East, the eastern commission handles that.

Senator ROTH. So if a so-called senior member or boss of a family were to be put to death, the family would go to the appropriate commission to get approval?

Mr. LONARDO. The commission, that is right.

Senator ROTH. Thank you, Mr. Chairman.

Senator NUNN. Thank you. Why don't you go ahead and proceed. We will not interrupt you much, but I wanted to ask a question.

Mr. LONARDO. That is okay.

Up to 1983, when I went to jail, I knew that Tony Accardo was head of the Chicago family and, therefore, the head of the Chicago commission.

Since the Genovese family represents the Cleveland family on the commission, I have traveled to New York on several occasions to discuss family business. In 1976, after the murder of Moceri, Licavoli and I went to New York to talk to Salerno to obtain his help in murdering Danny Greene and John Nardi. Nardi and Greene had taken a trip to New York to see Paul Castellano about a meat business. Salerno agreed to speak to Castellano and to have Nardi and Greene murdered on their next trip to New York. Nardi and Greene never made a second trip to New York, so New York never helped in their murders.

In 1977, Licavoli and I traveled to New York City to see Salerno and requested permission to "make" 10 new members into the Cleveland family. Salerno granted our request and told us if we needed any more members, just to let him know.

In 1981, Licavoli, Rockman, and I went to Chicago, Illinois, to see Jackie Cerone and Joey Aiuppa about getting them to agree to support Roy L. Williams as President of the International Brotherhood of Teamsters, since Frank Fitzsimmons was dying. Cerone and Aiuppa agreed on Williams, and we then traveled to New York to see Salerno. We called John Tronolone in Florida, and had him set up a meeting in New York. We went to New York and saw Salerno, who agreed with the choice of Williams and told us that he would contact his people to line up support for Williams. We supported Williams over Jackie Presser, as Williams was Kansas City's man and had Chicago's backing. In return, Williams promised to make Jackie Presser the head of the Central States Pension Fund. After Williams was elected, he went back on his word and did not name Presser. Maishe Rockman told Presser not to worry about it and not to do any favors for Williams.

When it appeared that Williams, who had been indicted, was likely to be forced to step down from his position, Rockman and I made a second trip to Chicago to get Chicago's support for Jackie Presser as President of the IBT, because he was Maishe's protege, and it would increase the Cleveland family's prestige and respect.

Cerone and Aiuppa had other candidates for the position and told us that they did not want Presser because he was an informant. Maishe asked Cerone how he knew Presser was an informant, but all he would say is that he "just knew." We left Chicago with the promise from Cerone and Aiuppa that they would think about Presser and let us know in a week or so.

The next day, a Teamsters official named Dominic called Rockman and told him that Presser was "okay" with Cerone and Aiuppa. After obtaining Chicago's support, we went to New York to see Salerno. Salerno asked if Chicago agreed to Presser. We told him that they did, but that they had thought Presser was an informant. Rockman swore to Salerno that Presser was not an informant and Salerno agreed to the choice of Presser as IBT President.

Later, an article appeared in the "Cleveland Plain Dealer" which said that Presser was an informant. Presser demanded, but was refused, a retraction by the paper. Rockman and I traveled to New York City and met Salerno at his 116th Street Club. I explained to him about the "Plain Dealer" article and said that the article was not true. I told him Presser had asked Rockman to attempt to get a

retraction, and asked if he could do anything about it. Salerno had "Fish" Cafaro call Roy Cohn. Cohn told Salerno that the owner of the "Plain Dealer" was his client and friend. Salerno made an appointment to see Cohn. We left New York, and a short while later the "Plain Dealer" printed a retraction.

Rockman was the Cleveland family's contact with the Teamsters Union. The family would use the Teamsters to obtain pension loans and to do people favors. One time, Salerno had asked Rockman to see if he could obtain a union charter for a friend of Salerno's, and a second time he had Rockman obtain information about a vending company in Cleveland that a friend of Salerno's wanted to buy. As I stated earlier, we also used the Teamsters Central States Pension Fund to obtain a loan for Glick so that we could "skim" profits from their casinos.

As I stated previously, the Genovese family looks out for the Eastern families—aside from the other four in New York City—and Chicago takes care of the Western families. I knew that Anthony Scotto and Tony Anastasio used to run the waterfront for the Gambino family.

In the early 1980's, I knew Salerno to be the boss of the Genovese family and also knew that Vincent Gigante (The Chin) was the consigliere and was being groomed to be the boss. I know that Salerno had a great deal of respect for Benny "Squint" Lombardo and frequently sought his counsel on family matters.

Mr. Chairman, I have been in the Mafia most of my adult life. I have been aware of it ever since I was a child in Cleveland. It has changed since I first joined in the 1940's, especially in the last few years with the growth of narcotics. Greed is causing younger members to go into narcotics without the knowledge of the families. These younger members lack the discipline and respect that made "This Thing" as strong as it once was.

At the same time, the Government has successfully convicted many members, including most of the Cleveland family. However, this does not mean that La Cosa Nostra is finished in Cleveland or elsewhere. Many of the made "members," such as Anthony Liberatore, Tommy Sinito, and others, will be released in the next few years. In addition, there are many young men who are still in Cleveland who would have been "made" if we had had the time to do so before we were incarcerated.

Senator NUNN. Thank you, Mr. Lonardo.

Let me ask you just the definition of a term or two here. You used the term "made." Would you tell us what being "made" means?

Mr. LONARDO. Well, when you join the LCN.

Senator NUNN. When you are officially made a member?

Mr. LONARDO. That is right.

Senator NUNN. Being "straightened out" means the same thing?

Mr. LONARDO. Yes.

Senator NUNN. You used the term "straightened out." When you "straighten someone out," that means you have made him a member?

Mr. LONARDO. Yes.

Senator NUNN. Where did that term originate? They always use these two interchangeably?

Mr. LONARDO. They always said it that way, yes.

Senator NUNN. Mr. Lonardo, you have broken with La Cosa Nostra's code of silence.

Mr. LONARDO. Yes.

Senator NUNN. You have cooperated with the Federal Government.

Mr. LONARDO. Yes, I did.

Senator NUNN. Tell us why, why did you break the code of silence?

Mr. LONARDO. I was convicted and got life with no parole, plus 103 years. I know I will never get out of there alive and I miss my family very, very much.

Senator NUNN. How much of your sentence did you serve in prison?

Mr. LONARDO. Well, I was in altogether about 18–19 months.

Senator NUNN. Had you served any other time prior to this in the penitentiary?

Mr. LONARDO. Yes, I did.

Senator NUNN. How much time?

Mr. LONARDO. Twenty-three months.

Senator NUNN. When was that?

Mr. LONARDO. In 1942.

Senator NUNN. You mentioned in your statement at the end that organized crime now is different from what it was in the 1940's. You mentioned that now there are so many La Cosa Nostra members going into narcotics. When did that start changing?

Mr. LONARDO. I really cannot answer you when, but it must have been the late sixties or seventies.

Senator NUNN. The late sixties or seventies.

Mr. LONARDO. But before that, the higher-ups had told all the members that they could not handle any sort of dope.

Senator NUNN. Now, was that a breakdown from the bottom up? Did the soldiers start getting into narcotics, or did the commission itself, the top bosses, decide that narcotics were okay?

Mr. LONARDO. It was not the bosses. It was the younger ones.

Senator NUNN. You were the boss in Cleveland, is that right?

Mr. LONARDO. I was.

Senator NUNN. Did you ever give permission for people in your organization to be involved in narcotics?

Mr. LONARDO. We told them they could not do it.

Senator NUNN. You were convicted, though, of narcotics, is that right?

Mr. LONARDO. I was, but I was an innocent victim. I was an innocent man. I was thrown into that trap.

Senator NUNN. You were not guilty of that, the crime of which you were convicted?

Mr. LONARDO. I was not.

Senator NUNN. But you were guilty of a number of other crimes which you had admitted, correct?

Mr. LONARDO. There were no other crimes admitted in that trial.

Senator NUNN. You are telling us today that you committed many crimes?

Mr. LONARDO. I admitted other crimes, yes.

Senator NUNN. But you did not commit the narcotics violation?

Mr. LONARDO. Never. I never believed in that.

Senator NUNN. Tell me, why do people who are engaged in gambling, loan sharking, and as you have said here today, in murder over and over again, think that being in narcotics is worse, of a different nature, than murdering people?

Mr. LONARDO. In the first place, narcotics always brought a lot of heat to the organization.

Senator NUNN. In other words, it is easier to get away with murder than it is narcotics?

Mr. LONARDO. Yes, it was.

Senator NUNN. But it was not a moral position of being against drugs that kept the Commission out of narcotics?

Mr. LONARDO. I did not get that, Senator.

Senator NUNN. It was not a matter of moral concern about drug dealing that really kept the Commission from wanting La Cosa Nostra to go into narcotics, it was more of a matter of not wanting the heat turned up by the Feds, is that right?

Mr. LONARDO. That is right.

Senator NUNN. That has completely broken down now, has it not, now La Cosa Nostra is engaged in narcotics in a pretty widespread fashion?

Mr. LONARDO. Well, honestly, I do not think the older fellows and the higher-ups, I still believe that they do not fool around with it. It is the younger crowd that does.

Senator NUNN. You still believe that at the very top they do not?

Mr. LONARDO. They do not.

Senator NUNN. Could I get your attorney perhaps to tell us the conditions of your cooperation? If you would like to answer that, you could, or if your attorney would prefer to answer it, because it gets into some technical detail, we could ask him. In other words, what has the Government agreed to do for you in exchange for your cooperation as a witness?

Mr. JAFFE. Senator, it may be easier if I answer that, a shorter period of time.

Senator NUNN. Yes, why don't you do that.

Mr. JAFFE. The terms of the agreement are already in the——

Senator NUNN. Could you identify yourself? I have done that, but I think it would be——

Mr. JAFFE. Yes, sir. My name is Joseph Jaffe, and I am Mr. Lonardo's attorney.

Senator NUNN. Where is your office?

Mr. JAFFE. My office is in Liberty, New York.

Senator NUNN. Thank you, Mr. Jaffe.

Mr. JAFFE. The terms of the cooperation agreement are set forth in what has now been marked as Exhibit 27, and basically that agreement provided that, in exchange for Mr. Lonardo's cooperation with the United States Department of Justice throughout the United States, three things would happen.

Number one, the continuing criminal enterprise conviction under which he was doing a life sentence without parole would be dismissed. The remainder of the sentence would be converted, if the judge approved, so that Mr. Lonardo could be parole eligible immediately. The remainder of the motion to reduce the sentence would be held in abeyance until Mr. Lonardo had testified at grand juries

and at trials throughout the United States, at which time a motion to reduce would be made before the judge who had sentenced him, the Government would make known the full extent of Mr. Lonardo's cooperation, its evaluation of the truthfulness of that testimony which he may have given, and the judge would then make a decision whether to reduce Mr. Lonardo's sentence.

As an alternative, a provision was made where an application could be made to the United States Parole Commission for Mr. Lonardo to be placed on parole if the judge denied the motion to reduce. Mr. Lonardo, because of security and fear and the necessity for security for his family if he were to testify, was to be brought into a witness protection program in existence under the authorizing statutes of the Federal Code, and that in broad brush is what the agreement provided.

You should know that at the time he was not under indictment and has never been under indictment in the districts in which he testified, with the information testified. The agreement was with respect to reduction of the conviction which arose out of the Ohio convictions.

Senator NUNN. Thank you, Mr. Jaffe.

Mr. Lonardo, you have testified that Milton (Maishe) Rockman controlled Jackie Presser and the Teamsters Union for the Cleveland family, is that correct?

Mr. LONARDO. Yes, that is.

Senator NUNN. What benefits did the Cleveland family derive from their control of the Teamsters Union?

Mr. LONARDO. Well, they used to get favors through the pension fund for loans for the casinos. Also, if they want to put somebody to work there in the Cleveland Teamsters, Maishe would go down there and recommend somebody, to give them a job.

Senator NUNN. How did Rockman have so much influence, since he was not, as I understand it, a member of the family?

Mr. LONARDO. He grew up with John Scalish and they were always together. They both married into each other's families. Johnny married Maishe's sister and Maishe married Johnny's sister.

Senator NUNN. Was he treated pretty much like a member of the family then?

Mr. LONARDO. Yes, he was.

Senator NUNN. Was there any real distinction between his role and what it would have been had he been an official "made" member of the family?

Mr. LONARDO. Well, he was like a "made" man, but he could not be sworn in because he was Jewish.

Senator NUNN. Is that based on religion?

Mr. LONARDO. Religion—not religion, on——

Senator NUNN. Ethnic background?

Mr. LONARDO. You have to be Italian.

Senator NUNN. So it is ethnic background and not religion?

Mr. LONARDO. That is right.

Senator NUNN. How can the LCN, how can La Cosa Nostra have such a powerful influence in the election of Teamster presidents?

Mr. LONARDO. Well, most of the delegates are really made by the families, they are recommended and they get elected to be dele-

gates, and when you need these delegates they usually listen to the families that made them.

Senator NUNN. You are saying that the delegates that elect the Teamster president, a number of them are basically controlled by La Cosa Nostra?

Mr. LONARDO. It is mostly the delegates and the vice presidents.

Senator NUNN. How do the organized crime families obtain that kind of control over those individuals who elect the president of the Teamsters Union? What kind of pressure, leverage or incentives do La Cosa Nostra offer those people that they, according to your testimony, follow orders in terms of whom they elect to their highest office?

Mr. LONARDO. How do they elect them?

Senator NUNN. No, what kind of leverage does the family exercise over those individuals so that they basically, according to your testimony, will elect whomever you choose, from the LCN point of view?

Mr. LONARDO. Well, they get their jobs actually through the families. The families recommend to others that are in there and they get elected.

Senator NUNN. You are saying a number of the delegates who elect the highest officer in the Teamsters Union are basically controlled by La Cosa Nostra?

Mr. LONARDO. That is right.

Senator NUNN. And they will elect whomever La Cosa Nostra chooses?

Mr. LONARDO. Yes.

Senator NUN. And you are saying that they themselves get their jobs through La Cosa Nostra?

Mr. LONARDO. You mean the delegates?

Senator NUNN. Yes.

Mr. LONARDO. Yes.

Senator NUNN. By that I mean the union jobs, their designation as vice presidents and so forth?

Mr. LONARDO. Yes.

Senator NUNN. No, certainly not all of these people are controlled by La Cosa Nostra?

Mr. LONARDO. Now, they are not.

Senator NUNN. You say that a majority are?

Mr. LONARDO. Truthfully, I cannot answer that.

Senator NUNN. You do not know how many?

Mr. LONARDO. I said mostly the higher-ups are.

Senator NUNN. You know that there are enough to get elected whomever La Cosa Nostra wants to get elected?

Mr. LONARDO. Yes.

Senator NUNN. Has La Cosa Nostra ever recommended someone for election to the head of the Teamsters, based on your personal experience, who has not been elected?

Mr. LONARDO. No.

Senator NUNN. Have you ever lost an election for the Teamsters head?

Mr. LONARDO. Do you mean the head of the Teamsters?

Senator NUNN. Has the family ever recommended someone to be elected head of the Teamsters who has lost?

Mr. LONARDO. I do not know anything about that.

Senator NUNN. You know some that have been recommended have been elected, correct?

Mr. LONARDO. Oh, yes.

Senator NUNN. Well, what I am saying is do you know of any individual that the family has in effect nominated or recommended be elected as head of the Teamsters who has lost the election?

Mr. LONARDO. No.

Senator NUNN. You mentioned skimming operations in Las Vegas, a good part of the skim going to the family in Cleveland, Kansas City, and also Chicago, is that right?

Mr. LONARDO. At first it was Cleveland, Milwaukee, and Kansas City.

Senator NUNN. Is that an arrangement between these three families, was that an arrangement between the three families in those cities?

Mr. LONARDO. Yes, it was.

Senator NUNN. And then Chicago came in on the act?

Mr. LONARDO. There was a dispute about the money, I think it was Kansas City and Milwaukee, they thought they were not getting the right amount of money, and Frank Balistrieri went to Chicago to talk about it and Chicago called in Nick Civella and they straightened it out, and after they straightened it out they took 25 percent of what was coming in.

Senator NUNN. Is that kind of skimming operation still going on, to the best of your knowledge, from Las Vegas to La Cosa Nostra?

Mr. LONARDO. Up to—I remember I was in Lewisburg—not Lewisburg, Springfield, Missouri, at the hospital there, and Maishe Rockman come to see me there and he told me he was going, I think, to Kansas City to pick up the money.

Senator NUNN. Approximately what time frame was that?

Mr. LONARDO. That was in August of 1983. And when I was in Lewisburg, Frank Balistrieri was there and Frank Balistrieri told me that he got word from Aiuppa that he was still getting his end of the skim money and that he would see to it that it would go to the right source, and that was around 1984.

Senator NUNN. So, as recently as 1984, to your personal knowledge, the skimming operation was still going on?

Mr. LONARDO. Yes, it was.

Senator NUNN. You mentioned on page 3—I am going to refer you to your testimony for several different questions here and then I am going to defer to my colleagues—on page 3, you mentioned the murder of Salvatore Todaro.

Mr. LONARDO. Yes.

Senator NUNN. Who committed that murder?

Mr. LONARDO. I did, with my cousin.

Senator NUNN. You and your cousin?

Mr. LONARDO. Yes.

Senator NUNN. And why was it committed?

Mr. LONARDO. Well, he was the fellow that was responsible for my father's death.

Senator NUNN. How was the murder carried out?

Mr. LONARDO. Well, my cousin John Demarco, we had a hard time trying to get Sam Todaro because he was the brains of this

outfit, and he told me, "Why don't you talk to your mother, don't tell her anything about it, though, just tell her if she would go along with you and talk to Sam Todaro for financial help, maybe your mother will go along with you to see Sam Todaro." So I said, I will talk to my mother and see what she would say.

I talked to my mother and I said, "Ma," I said, "you know we need money," I said, "would you go along with me to see Sam Todaro and ask him for financial help?" and my mother agreed. She did not know anything about what was going to happen.

I picked up my mother with my cousin and we go down to 110th Street, Woodland, off of Woodland, and there was someone standing there and we said hello and we told him if he would see if Sam Todaro was there, my mother would like to talk to him. He said yes, I will go back there.

He went back there and he come out and he says, "Sam will be here in a minute." All of a sudden we see Sam Todaro turn around the corner, walking towards our car. He must have been about four, five feet away from me—I was driving, and that is the side he was walking towards, and as soon as he got about four feet away from me, I pulled out my gun and started shooting him. He was hollering and screaming, naturally, and we pulled away.

Senator NUNN. Was your mother in the car?

Mr. LONARDO. Yes. She was screaming and yelling. I felt so bad for my mother.

Senator NUNN. You felt bad about having your mother witness that?

Mr. LONARDO. That is right.

Senator NUNN. Was anyone ever prosecuted for that murder?

Mr. LONARDO. Yes. There were two fellows that told the police who did it. They told the police it was me and my cousin and that my mother was in the car. My mother got indicted, but my cousin and I, we stood away for about 6 months or 7 months, something like that.

After the murder, we dropped my mother off at home and we went to an apartment we had rented, in case this thing happened, we would go there, and after we went there we called—my cousin Johnny Demarco and told him what we had done and he says, "Fine," he says "I'll see you," he says, "I'll be up there." Right after that, the police went over to arrest my mother—they went to my home and they arrested my mother, and she got tried and she was acquitted.

Senator NUNN. She was tried and acquitted?

Mr. LONARDO. Yes.

Senator NUNN. And you were never tried for that?

Mr. LONARDO. Yes, I was.

Senator NUNN. You were tried?

Mr. LONARDO. Yes.

Senator NUNN. What happened in that trial?

Mr. LONARDO. We gave ourselves up about 6, 7, 8 months later and we got tried and convicted and got life. We appealed the case. We got a different attorney and he got us a new trial in a court of appeals and they held us in the county jail altogether 23 months, and finally the attorney went to the prosecutor and he told the prosecutor, he says, at least why do you not put a bond on those

two fellows, instead of keeping them in jail, or try them, so the prosecutor, who happened to be Ray T. Miller at the time, talked to my attorney, who happened to be Jim Connell—he happened to become the presiding judge of the Federal Court in Cleveland—and he got us—he talked to Ray T. Miller and Ray T. Miller told Mr. Connell, he says, "Jim," he says, "tell them boys to stay in a couple of weeks and I'll set a date and try them and save the bond money." He kept his word and set a date, there were no witnesses at the trial and the judge threw it out of court.

Senator NUNN. What had happened to the witnesses?

Mr. LONARDO. They left Cleveland. Nobody told them to leave, they left on their own.

Senator NUNN. Do you think they were afraid to stay and testify the second time?

Mr. LONARDO. I think they were.

Senator NUNN. You did not have anything to do with that?

Mr. LONARDO. No, I was in jail.

Senator NUNN. You did not send word for them to be intimidated?

Mr. LONARDO. No.

Senator NUNN. They just left because they were afraid?

Mr. LONARDO. That is right.

Senator NUNN. Let me ask you about the murder of Dr. Romano. Who committed that murder?

Mr. LONARDO. My cousin Johnny Demarco and me.

Senator NUNN. Why was that murder committed?

Mr. LONARDO. Well, he was one of the fellows that was responsible for my father's death.

Senator NUNN. How was that murder committed?

Mr. LONARDO. My cousin Johnny talked to some fellow that had a home—at that time it was country, but now it is a big suburb—and he was living there and my cousin talked to him. He said, "Mr. Milano, is it all right if we tell the doctor that you want to see him, and he'll come here, and we could get him over here?" Mr. Milano says, "Yes, it's okay with me."

So my cousin Johnny went to see the doctor and he says, "Mr. Milano would like to see you at his house." So the doctor himself says, "Okay, tell him I'll be there at about 10 o'clock or 11 o'clock." I do not know if it was the next day or the day after, I forget. We made it our business to be there when he got there, and when he got there we did it.

Senator NUNN. You shot him?

Mr. LONARDO. No, I did not. My cousin did. I was holding him and he shot him.

Senator NUNN. You were holding him while he was shot?

Mr. LONARDO. Yes.

Senator NUNN. Did your cousin shoot him in the head?

Mr. LONARDO. In the ear.

Senator NUNN. Behind the ear. Did anyone in the Cleveland family authorize or approve that murder?

Mr. LONARDO. No. The one that authorized it was Frank Milano, but later on he would not admit it. He told everybody he did not know anything about it, that it was going to happen there.

Senator NUNN. You had asked him to authorize it?

Mr. LONARDO. Yes—not me, but my cousin.
Senator NUNN. You had been a "made" man, then?
Mr. LONARDO. No, I was not.
Senator NUNN. You were not a "made" man then?
Mr. LONARDO. No.
Senator NUNN. So the man who authorized it backed out and said he had not authorized it?
Mr. LONARDO. Yes.
Senator NUNN. Was anyone ever prosecuted for that murder?
Mr. LONARDO. No.
Senator NUNN. Was there an investigation?
Mr. LONARDO. I imagine there was, yes. But the body was moved away from that yard.
Senator NUNN. Senator Roth?
Senator ROTH. Thank you, Mr. Chairman.
I would like to ask you a series of general questions and then get into more detail. You spoke about the influence of the Cleveland family and other organized crime in the Teamsters Union. Are there any other international unions under the influence of organized crime that you have personal knowledge of?
Mr. LONARDO. I do not know. Maybe they do.
Senator ROTH. But you have no knowledge of any other?
Mr. LONARDO. No.
Senator ROTH. You also——
Mr. LONARDO. Do you mean the Teamsters Union or other unions?
Senator ROTH. Other unions, Longshoremen, Hotel Workers, any of them?
Mr. LONARDO. Well, the Longshoremen, New York controls that.
Senator ROTH. Who controls that?
Mr. LONARDO. New York, the Gambino family head it.
Senator ROTH. And are there any other unions controlled by other families that you personally have knowledge of?
Mr. LONARDO. I don't know, no.
Senator ROTH. You also mentioned that a certain number of casinos were taken over in Las Vegas by members of the LCN, is that correct?
Mr. LONARDO. I did not testify to them taking over, I testified to them getting money from the pension fund.
Senator ROTH. They skimmed funds off from certain casinos, is that correct?
Mr. LONARDO. That is right.
Senator ROTH. In Las Vegas?
Mr. LONARDO. That is right.
Senator ROTH. Is that also true of any casinos in Atlantic City?
Mr. LONARDO. I could not answer you there, Senator.
Senator ROTH. You have no personal knowledge?
Mr. LONARDO. I do not know.
Senator ROTH. Now, you stated that Bill Presser and Roy Williams received a cut of the skim from the Las Vegas casinos. How did the Cleveland family divide up its share of the skim?
Mr. LONARDO. Well, it was to Milton Rockman, Jack Licavoli—do you mean when it first started?
Senator ROTH. At any time.

Mr. LONARDO. Well, when it first started I did not know anything about it. But after 1976, it was to Maishe Rockman, Jack Licavoli and I.

Senator ROTH. Did Jackie Presser ever receive any of this money?

Mr. LONARDO. That I do not know, sir.

Senator ROTH. You have no knowledge?

Mr. LONARDO. No.

Senator ROTH. Now, you testified that the family controlled a number of delegates and vice presidents of the Teamsters Union. How do they bring about this control? Do they control not only the international, but a number of the local unions?

Mr. LONARDO. That is right.

Senator ROTH. How do they exercise influence or control in these individual unions?

Mr. LONARDO. Do you mean the members of the LCN?

Senator ROTH. Yes.

Mr. LONARDO. I never had anything to do with the unions. Maishe Rockman was the one that used to handle that.

Senator ROTH. When someone in the LCN vouches for a person's credibility and that person turns and cooperates with law enforcement, is that person's sponsor punished?

Mr. LONARDO. Is he punished?

Senator ROTH. Yes.

Mr. LONARDO. He will be, yes.

Senator ROTH. Was the Cleveland family worried about retaliation, after sponsoring Jackie Presser for Teamster president and after Rockman assured Chicago that Presser was reliable, the article appeared alleging that Presser was an informant?

Mr. LONARDO. Was Maishe Rockman worried, you mean?

Senator ROTH. Yes, that is correct. Was the family concerned about that?

Mr. LONARDO. Well, Maishe Rockman still did not believe it and that is when we went to New York and talked to Salerno, to find out if he knew anybody that owned the "Cleveland Plain Dealer," and Tony Salerno says I really do not know, but I will find out. So he gets "Fish" Cafaro and he says, "Fish, call Roy Cohn and tell him I want to talk to him." Fish Cafaro went to the phone and he says, "Tony, Roy Cohn is on the phone." Tony Salerno went to the phone and he talked to Roy Cohn and he asked him over the phone if he knew of anyone owning the "Cleveland Plain Dealer."

When he came back, he told us that Roy Cohn told him that that was his client and friend, and Tony Salerno said that he would see him and talk to him in person.

Senator ROTH. There was a retraction afterwards in the——

Mr. LONARDO. Later on there was, yes.

Senator ROTH. So apparently that was the result of Roy Cohn?

Mr. LONARDO. It was. I would imagine it would have had to be.

Senator ROTH. After the retraction was published, did the other families trust Presser and consider him reliable?

Mr. LONARDO. Well, since that has happened, I have been in jail. I doubt it very much.

Senator ROTH. Have there ever been any occasions when the Cleveland LCN family has worked with any other non-LCN orga-

nized crime group, such as outlaw motorcycle gangs or other ethnic groups?

Mr. LONARDO. Not in Cleveland, no, sir.

Senator ROTH. Do you know of any working relationship between the Cleveland LCN family and any LCN groups in Italy?

Mr. LONARDO. Would you say that again?

Senator ROTH. Yes. Do you know of any working relationship between the Cleveland family and LCN groups in Italy?

Mr. LONARDO. No, I do not know.

Senator ROTH. You have no personal knowledge?

Mr. LONARDO. I do not think there is, no. They might know some people over there that were in America and went back there.

Senator ROTH. Now, you mentioned that drugs are becoming increasingly popular as an activity with the younger members of the organized crime families. To what extent do you think drug trafficking, for example, in the Cleveland area is controlled by the hierarchy of the Cleveland family or is it only the younger members?

Mr. LONARDO. Well, at the beginning there was none, until Tommy Sinito and Joe Gallo got to be members of the LCN, and we did not know anything about what they were doing. We never knew that they got themselves connected in the drug business. We told them when we "made" them that as far as drugs, that was a no-no in the Cleveland family and they could not do anything like that.

Senator ROTH. But if I understood your earlier testimony, despite the fact that the most senior members, the bosses of the family were opposed to it, still there were younger members of the family involved in drug trafficking, is that correct?

Mr. LONARDO. Yes, it is.

Senator ROTH. To what extent do you think those younger members controlled the drug trafficking?

Mr. LONARDO. Well, they got connected with a fellow by the name of Carmen Zagaria and they were only supposed to be running our "barboot game," that is a Greek dice game, and through that Tommy Sinito and Joe Gallo got connected with Zagaria in the drug business and we did not know anything about it.

Senator ROTH. I would like to go back to your testimony that the younger members apparently look upon drug trafficking as an approved activity. Do you see this becoming an area of activity controlled increasingly by organized crime?

Mr. LONARDO. By the higher-ups?

Senator ROTH. Well, by the younger members who are probably going to be the senior members tomorrow.

Mr. LONARDO. These young fellows are doing it on their own. Most of the higher-ups do not know anything about it, but they find out.

Senator ROTH. Now, you talk about ending the LCN's influence in Cleveland. Do you have any suggestions for how law enforcement can go about ending LCN influence in Cleveland and elsewhere.

Mr. LONARDO. Well, the only thing I could see is the RICO law, by taking everything away from them.

Senator ROTH. How important are the funds that are skimmed off of the casinos and the unions to the operation of the LCN? Is that the principal source of funds?

Mr. LONARDO. Did you mention the union?

Senator ROTH. The unions, yes.

Mr. LONARDO. As far as I know, we did not get any money from the unions.

Senator ROTH. No money directly from the unions?

Mr. LONARDO. We did not. Jack White denied, did not get anything from there.

Senator ROTH. How important a source were the casinos?

Mr. LONARDO. Well, the casino money, right after that we all got indicted for the Danny Greene killing with John Nardi, and Maishe Rockman was holding all the money ever since then for expenses for attorney fees.

Senator ROTH. Do you know Jackie Presser?

Mr. LONARDO. Yes, I do.

Senator ROTH. What dealings have you had with him?

Mr. LONARDO. Never, not once did I ever have a meeting with Jackie Presser, and I hardly ever saw him. Once in a while I used to see him, either at a wedding affair or something like that.

Senator ROTH. Have you ever paid any money to Jackie Presser?

Mr. LONARDO. Never.

Senator ROTH. That is all, Mr. Chairman.

Senator NUNN. Thank you, Senator Roth.

Senator Glenn?

Senator GLENN. Thank you, Mr. Chairman.

There are some limitations we are operating under here, because of court cases and investigations under way, and some issues will come up at later hearings, but there are several areas that I would like to explore a little bit further.

You mentioned earlier that during the late twenties and early thirties some of the influence the family had over some of the public officials. To your knowledge, did any members of the family, of the LCN, pay off any public officials such as State or Federal judges or other public officials in the Cleveland area?

Mr. LONARDO. I think they did, but I could not tell you who they were.

Senator GLENN. But it was your opinion that that was going on?

Mr. LONARDO. Yes.

Senator GLENN. How about jury tampering or threatening witnesses or juries, was that done on a routine basis or ever done?

Mr. LONARDO. Not that I know of.

Senator GLENN. Okay. Who controlled what in the northern Ohio area? Does the Cleveland family control LCN or La Cosa Nostra activities in Youngstown and on down through the Steubenville area? Who controlled that?

Mr. LONARDO. Steubenville never had anything to do with Ohio. Steubenville was connected with Pittsburgh.

Senator GLENN. How about Youngstown?

Mr. LONARDO. Youngstown at one time was connected with Cleveland, but Cleveland gave it up.

Senator GLENN. Who asked Cleveland to give that up or what arrangements were made to give up a territory like that?

Mr. LONARDO. I believe, I am not sure now, but I think it was Al Polizzi.

Senator GLENN. How about other communities in Ohio, were there activities in Dayton or Columbus or Cincinnati that were controlled by the LCN?

Mr. LONARDO. Not from Cleveland, no.

Senator GLENN. How about Lima?

Mr. LONARDO. Lima used to be four or five brothers that belonged to the LCN family from Cleveland, but they are all dead today.

Senator GLENN. How about other areas? Akron, Canton, any others?

Mr. LONARDO. Akron, they are dead also.

Senator GLENN. Do you believe the family is still operating in that area, in the Cleveland area?

Mr. LONARDO. The Cleveland family?

Senator GLENN. The LCN family.

Mr. LONARDO. There is no family there right now. It was destroyed.

Senator GLENN. You mentioned that some of the younger members perhaps might come back, there was something you alluded to in the last part of your testimony, I believe. Do you feel there will be an attempt made to bring back family influence there?

Mr. LONARDO. Well, there is Tommy Sinito, he is in jail, Tony Liberatore is also in jail. I do not know when they will be out. It will be a long time before they will be out. There might be an attempt by them, but I doubt if they will get any okay from anybody to take over.

Senator GLENN. Let us talk about this money from the Teamsters, particularly loans to members of LCN. To your knowledge, was any of that loan money ever repaid?

Mr. LONARDO. Well, I imagine it was.

Senator GLENN. You have a lot of Teamster locals and a lot of individual Teamsters pay into pension funds and a lot of money from those funds allegedly was diverted for other purposes, and I wonder if that money ever got back into the fund.

Mr. LONARDO. I imagine some did, I do not know.

Senator GLENN. Members of other ethnic or religious groups were not "made" members, but it would appear that the Cleveland family made considerable use of Irish, Jewish, and other ethnic groups. I gather the use of these other people was of great value to the family, even though they were not "made" members, is that correct?

Mr. LONARDO. Well, for example, Tommy McGinney with the Jewish crowd.

Senator GLENN. Is it possible for "made" members to operate independently at all? You mentioned that some of the people were "made," as I understood it, were also operating independently and that you did not know that they had gotten into some drug activities and that came as a surprise. Is it possible for people to operate independently?

Mr. LONARDO. Well, before they were "made" they had never operated in the drug business.

Senator GLENN. But once you are a "made" member, do you have more freedom then to operate independently?

Mr. LONARDO. You are not supposed to.

Senator GLENN. Did you keep everything in cash? I am curious about how this operates. Did you work with bundles of cash? Did you have credit cards? Did you have bank accounts? How does this operate, anyway? Do you have briefcases full of money, like we see on television, or what——

Mr. LONARDO. That is television.

Senator GLENN. I know. How did you get skim money from Las Vegas.

Mr. LONARDO. I do not think you believe everything you see on television.

Senator GLENN. No, I do not. But you get money from Las Vegas, there is a skim going on, and the money is going to be distributed.

Mr. LONARDO. Yes.

Senator GLENN. That certainly is not done by check.

Mr. LONARDO. No.

Senator GLENN. It is done in cash only?

Mr. LONARDO. By cash.

Senator GLENN. Do you put the cash in a bank?

Mr. LONARDO. Maishe Rockman used to hold it.

Senator GLENN. I am sorry?

Mr. LONARDO. Maishe Rockman used to hold it.

Senator GLENN. You had your own banker then?

Mr. LONARDO. Well, he held it mostly for attorney fees and all of the——

Senator GLENN. But if you get money and you want to keep the money and you are getting a skim off Las Vegas and it is being distributed, then what, do you put it in the bank or do you keep it in cash? How do you handle it?

Mr. LONARDO. Well, we did not get much money. We used to keep it ourselves, hold onto it.

Senator GLENN. We view this as huge amounts of money taking place and you are indicating that there is not that much here, it is not a very profitable business to go into.

Mr. LONARDO. Well, I just think I said before, Mr. Glenn, that since 1977, I believe it was, Maishe Rockman was holding all the money for attorney fees.

Senator GLENN. Well, what if you needed money to live on, like you said you were concerned——

Mr. LONARDO. Well, I had my own business. I had a restaurant.

Senator GLENN. What did you use the money you got off the skimming for then? Was that just supplementary income to your other businesses, or did you invest in an increasing number of businesses?

Mr. LONARDO. No, I did not invest it.

Senator GLENN. How would most of the——

Mr. LONARDO. I was not getting much at the beginning.

Senator GLENN. Would most of the LCN families live off of what they got off the skim and from criminal activities, or would most of them have other businesses they had invested in, legitimate businesses?

Mr. LONARDO. Do you mean in the Cleveland area.

Senator GLENN. In the Cleveland area, yes.

Mr. LONARDO. Well, in the Cleveland area, Tommy Sinito used to get money, Joe Gallo, Russell Pappalardo, and also "Peanuts" Tronolone.

Senator GLENN. I am not clear yet on how the money is transferred. If you wanted to go some place on an airplane, you are going to New York, where did the money come from?

Mr. LONARDO. Well, we used the skim money for that.

Senator GLENN. Who was the man you said was holding this money for you?

Mr. LONARDO. Maishe Rockman.

Senator GLENN. Maishe Rockman. Okay. Would you ask Maishe, would you say I need some money to travel on or take a vacation on, and he would give you the money?

Mr. LONARDO. Not for a vacation, no.

Senator GLENN. It would be only for official LCN business?

Mr. LONARDO. That is right.

Senator GLENN. If you were going to New York, you in effect ran an expense account off of Maishe Rockman then?

Mr. LONARDO. That is right.

Senator GLENN. And if you wanted money, if you wanted some of your skim money that he was holding for you to start a business or something, would you have to get approval to get that, or could you call and say I have so much built up in your account?

[Witness consulted with counsel.]

Mr. LONARDO. At the beginning, I used to get $1,500 a month, but after 1976-77 I got a little bit more, until it was stopped, come all the headaches and we needed the money for attorney fees, and Maishe Rockman——

Senator GLENN. When you started in business, did you start in business on money you received from the LCN?

Mr. LONARDO. No.

Senator GLENN. Did you go to a bank and get a regular business loan and start a restaurant?

Mr. LONARDO. I had a loan from Seaway when I bought The Highlander. I also had the Tasty Barbecue on Vinson Avenue at one time. After I sold that, I went in partners at Captain Franks on the pier for a short while, then I had The Frolics Bar on Vinson. I also had a bar—not at the same time, though—on Superior and 123rd, called Sonnys, and I had a supper club on Northfield Road, near the race track.

Senator GLENN. The skim money from Las Vegas was one source. Did you get a cut from all of the illegal gambling operations around that Northern Ohio area?

Mr. LONARDO. We only got money from Youngstown.

Senator GLENN. The gambling there?

Mr. LONARDO. Yes. They had poker machines there.

Senator GLENN. Could you expand a little bit on the kinds of crime activities you were involved with? Were truck hijackings; extortion or threats to businessmen such as payoffs to keep in operation or you would shut them down, were you involved in these types of activities?

Mr. LONARDO. Never.

Senator GLENN. You did not get involved with those at all?

Mr. LONARDO. The only time I was charged with extortion was in a numbers business, in 1940, I think, 1940 or something like that.

Senator GLENN. Is it your impression that other family members derive most of their income from legitimate business or illegitimate activities? In other words, you indicate your participation in quite a number of business activities and claimed that you went to the bank, got a loan, started a business and had a successful business. I gather from what you are saying that your skim operation and what you got from being a "made" member was almost supplementary income. You imply illegal income was not your main source of income. Is that a correct impression, or am I misinterpreting that?

Mr. LONARDO. No, I think you are right.

Senator GLENN. How about other operations, other LCN members? Would it be your impression that this was typical of their operations also, or is it more of a full-time operation in organized crime for most members?

[Witness consulted with counsel.]

Mr. LONARDO. If you are asking about John "Peanuts" Tronolone, we did not get anything off of him.

Senator GLENN. No, I did not have any particular name that I was pointing toward with that question.

Mr. LONARDO. Joseph Gallo, we did not get anything.

[Witness consulted with counsel.]

Senator GLENN. In the vocabulary of the family or the LCN or "made" member, what does the term "an earner" mean?

Mr. LONARDO. Well, maybe he knows how to make money.

Senator GLENN. Well, I heard that there are different terms applied to different LCN members. One was an "earner" who is a person who really makes a lot of money, big money, as opposed to people who would be earning considerably smaller amounts, as you indicated. Is an "earner" a term with which you are familiar?

[Witness consulted with counsel.]

Mr. LONARDO. No, I do not know the term, sir.

Senator GLENN. Thank you, Mr. Chairman.

Senator NUNN. Senator Cohen?

Senator COHEN. Thank you, Mr. Chairman.

I have a statement which I will not read but ask that it be inserted into the record.

[Senator Cohen's statement follows:]

OPENING STATEMENT OF SENATOR COHEN

Our knowledge of the pernicious influence and alarming scope of organized crime in the United States has increased exponentially since those days in 1963 when Joseph Valachi provided this same committee with his account of the La Cosa Nostra's activities. During those intervening years the nature and extent of law enforcement efforts to combat organized crime have evolved as well. The benefits of our increased knowledge and determined efforts to destroy organized crime will be testified to again today. Indeed, the recent success of law enforcement efforts against organized crime are legion and attest to the significant results that can be accomplished when adequate resources and attention are focused on the blight that is organized crime in America.

For this same reason, I would like to take this opportunity to thank the chairman of this subcommittee, Senator Nunn, for holding these hearings and for once again helping to focus our attention on this crucial issue. Thanks to the chairman, we again have an opportunity to assess the law enforcement communities recent accomplishments and to outline the many and varied challenges still facing all of us

who look forward to the day when organized crime is eliminated as a threat to our society and its laws and institutions.

This hearing is thus a contribution to the continued effort to keep the mob at bay. We cannot afford complacency and will not countenance it. Instead, we will continue to augment the resources available to the law enforcement community to insure that what organized crime once thought of as business as usual becomes nothing but a cherished memory to a few incarcerated and aging gangsters.

The successful formula of effective statutory tools, national coordination, and local cooperation that has become the hallmark of recent law enforcement efforts must be consolidated and carefully scrutinized for any possible improvements that may be necessary or desirable. Moreover, this constellation of noteworthy instruments must in turn be directed at the so-called "emerging" organized crime groups, groups that equal La Cosa Nostra in ruthlessness and dedication to profit at any cost.

We must also insure that organized crime's ability to infiltrate legitimate business and union interests is further circumscribed. There is no more insidious threat to our well-being than the corrupting influence of organized crime's involvement in otherwise legitimate enterprises. This activity is a singular threat to the economic and political interests of the Nation as a whole. I look forward to the testimony on how such influence can be eradicated at this juncture and prevented in the future.

In closing, I would like to reiterate that we have gone a long way towards exploding the various myths which for too long animated the public's perception of the organized crime problem and its perpetrators. Now, thankfully, La Cosa Nostra is recognized for what it is, a sordid assortment of ruthless, petty men. Yet, there still remains the need for eternal vigilance in combating the debilitating presence of organized crime in our democratic society. These groups are nothing other than the antithesis of the cultural, political and economic norms that we as a nation value. It is thus heartening to know that life as a gangster in 1980's America is an increasingly problematic endeavor.

Senator NUNN. Senator Sasser also has a statement that he would like inserted into the record and we will do so at this time.

[Senator Sasser's statement follows:]

OPENING STATEMENT OF SENATOR SASSER

Mr. Chairman, it is a pleasure to be here this morning at the continuation of the Subcommittee's hearings on organized crime.

First of all, I want to express my admiration for the panel of FBI agents who will appear today and to their colleagues. They put their lives on the line every day for each and every one of us. For that we are deeply grateful.

As I mentioned in my opening statement on Monday, there are several areas of organized crime on which these hearings can usefully focus. Our witnesses today, concerned as they are with the day to day battle against crime, can speak powerfully to the foothold that organized crime has in our communities.

In my own state of Tennessee, we have begun to see the corrupting effects of organized crime and the devastation it causes in our communities.

In addition, as the Chairman of the authorizing subcommittee for the District of Columbia, I am extremely concerned about the emergence of several new groups which are heavily involved in drug trafficking. These vicious criminals are making some parts of our nation's capital a virtual battleground.

The existence of a interlocking criminal syndicate in the United States was first documented in 1951, through the work of the Special Committee on the Influence of Organized Crime in Interstate Commerce. That committee was chaired by a predecessor of mine from Tennessee, the distinguished Estes Kefauver. His hearings, conducted across the country, vividly portrayed the pernicious influence of organized crime.

A quarter of a century ago, Joe Valachi spelled out for this Subcommittee the organization, membership, and methods of an organized crime syndicate, the "Cosa Nostra". His revelations were considered sensational. They confirmed the existence and activities of an organization whose public reputation, perhaps, was matched only by its elusiveness.

Thanks to those revelations, and the dogged work of law enforcement officials in the years since, considerably more is known about how La Cosa Nostra works. And one lesson we forget only at our peril is that this organization is not a "relic", not just grist for imaginative screenwriters.

Despite the dedicated efforts of police and prosecutors, this decades-old organized crime network remains active in our midst. Its violence and corrupting influence are not confined to the fringes of society, to traffic in so-called "traditional" vices—such as gambling, loansharking, or prostitution. These alone do not account for the $100 billion a year which organized crime takes in each year.

Organized crime reaches deep into our economy. Where its organizational and financial roots have been able to take hold, it has succeeded in placing a stranglehold on honest businessmen and contractors, exacting from them and the taxpayers a fearsome tribute. It corrupts those whom it touches in the legitimate economy.

In its lawlessness and greed, it has put aside its former reluctance to engage in the narcotics trade. Today, organized crime is deeply involved in peddling death to our citizens, and especially to our young people.

The picture is not, however, entirely grim. We are heartened by the successes of recent years. As much as Americans need to be vigilant to the continued existence and influence of organized crime, they should also hear of the progress which has been made against it.

But although many senior members of organized crime families have been put out of action by prosecutors and the courts, this alone will not deliver a death blow to criminal organizations. In many cases ruthless and ambitious junior members merely move up in the ranks.

The difficulty of rooting out organized crime was shown in our first hearing as witnesses pointed out that many of those identified as soldiers or other low-ranking members of La Cosa Nostra twenty-five years ago, are today senior members of crime families.

So, as we spotlight these successes, we must not lose sight of the unfinished task. Battles have been won, but not the war. Even as we record progress against traditional crime organizations, it is only too obvious that emerging groups are gaining a foothold—especially in the narcotics trade. We must take the lessons we have learned in fighting organized crime and apply them to these new criminal groups.

I look forward to today's hearings and to hearing from our witnesses.

Senator COHEN. Mr. Lonardo, how many men have you murdered?

Mr. LONARDO. Two.

Senator COHEN. The first man was implicated in your father's murder, and the second man also?

Mr. LONARDO. Yes.

Senator COHEN. I have before me a list that indicates that between 1968 and 1981, while you were an active member of the family, there were roughly 50 LCN related murders in the Cleveland area. Did you have knowledge of those individuals who were targeted for assassination or murder or execution?

[Witness conferred with counsel.]

Mr. LONARDO. I cannot answer the question, the way you put it.

Senator COHEN. Tell me how I should ask the question.

Mr. JAFFE. With all respect, Senator, the problem is you display a list and say that there are 50 murders you are aware of and ask whether he approved them and, frankly, without seeing the list and asking on an individual basis, I do not think he can respond.

Senator COHEN. Fair enough. Let me give you the list. Before you go through the list, perhaps I can shorten the question by phrasing it differently. Were there any people who were murdered during the time that you were a member of the family whose execution you knew about and approved of?

[Witness conferred with counsel.]

Mr. COHEN. Mr. Lonardo, I am afraid my time is going to expire before you answer the question, so perhaps you could submit your answer for the record.

Mr. JAFFE. Excuse me, Senator. What we are trying to do is review a list he had not seen before, because there are some of

those names that he has knowledge of but did not approve or know beforehand, and if you want those questions answered for the record, we can do that in a written submission, if you so choose, with your staff.

Senator NUNN. We will submit the list to you and, if you could respond to each act of violence, we will have them made part of the record, it will be part of the sworn testimony, and we would like to get your signature in an affidavit form.[1]

Senator COHEN. Am I correct, Mr. Lonardo, that you served a total of about 3½ years in prison for the two murders you committed?

Mr. LONARDO. I did not get that.

Senator COHEN. You served a total of about 3½ years in prison for the two murders that you were associated with?

Mr. LONARDO. I was in the county jail for 23 months in Cleveland.

Senator COHEN. Right.

Mr. LONARDO. And a year in Columbus.

Senator COHEN. Can you tell me who decides the method of execution?

Mr. LONARDO. Excuse me, 2 years in Columbus.

Senator COHEN. Who decides the method of execution?

Mr. LONARDO. Who decides it?

Senator COHEN. Yes.

Mr. LONARDO. Well, it is usually somebody who has a headache and you will go to the boss and talk to him about it.

Senator COHEN. Has a headache?

[Witness conferred with counsel.]

Mr. LONARDO. No, I do not decide that.

Senator COHEN. No, no, that is not what I meant to ask you. Who decides what method of execution should be used to eliminate people who cause headaches for others?

Mr. LONARDO. Well, that is——

Senator COHEN. In other words, in some of those cases I gave you, people are shot and in some cases they are bombed. Who decides the method of execution and is there any system or grading system that you use or the LCN uses in order to instill a different level of terror?

Mr. LONARDO [continuing]. Well, it is usually the fellow that does it, he decides how he is going to do it.

Senator COHEN. So once it is approved by the so-called commission, then the execution——

Mr. LONARDO. Well, the commission does not approve anything like that. The boss does, wherever he is, unless the commission approves if a boss is going to get killed.

Senator COHEN [continuing]. I see. So the commission only gets involved if they go as high as the boss, but anybody below the boss level, the boss decides who can be executed.

Mr. LONARDO. Their own cities take care of that.

Senator COHEN. And the individual executioner as such determines the choice of weapon?

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[1] See p 539.

Mr. LONARDO. Yes.

Senator COHEN. In the final page of your prepared remarks, you state that greed is motivating the young members to traffic in narcotics without the knowledge or consent of the families. My question is, if the younger members went into narcotics with the knowledge of the families, would they be any less greedy?

Mr. LONARDO. Would they be less greedy?

Senator COHEN. Right. You said greed is causing young LCN members to go into narcotics without the knowledge of the families, and I am asking you that, assuming they had the consent of the families, would their greed be any less.

Mr. LONARDO. No.

Senator COHEN. You also said these younger members lacked the discipline and respect that made "this thing" as strong as it once was. Respect for what?

Mr. LONARDO. Well, they do not take orders like they used to years ago. Years ago, you told them you cannot do this, you cannot do that, they would listen, but today these younger members, they go ahead and do things on their own, without saying anything.

Senator COHEN. Let me turn you to the Cleveland family members, I think you have mentioned several of them so far. John "Peanuts"—is it Tronolone?

Mr. LONARDO. Yes.

Senator COHEN. He was, what, convicted of loansharking, gambling?

Mr. LONARDO. Did you say he was convicted?

Senator COHEN. Was he convicted?

Mr. LONARDO. No.

Senator COHEN. What activities was he involved with?

Mr. LONARDO. He was in loansharking and gambling and skimming.

Senator COHEN. And Joseph Gallo?

Mr. LONARDO. Loansharking and gambling and narcotics.

Senator COHEN. And Thomas Sinito?

Mr. LONARDO. Loansharking and narcotics.

Senator COHEN. And Anthony Liberatore?

Mr. LONARDO. The Laborers Union and gambling.

Senator COHEN. Can you tell us the names of the other soldiers in the Cleveland family, when they were straightened out, and what illegal activities they were engaged in.

Mr. LONARDO. When they got straightened out or when they got to be "made" members?

Senator COHEN. Yes.

Mr. LONARDO. Well, Joe Gallo got to be made a member, I believe, around 1979. Thomas Sinito, 1979. They both got "made" together, in 1979 or 1980. Liberatore, the same time.

Senator COHEN. How about John Calandra?

Mr. LONARDO. John Calandra, about, 1977.

Senator COHEN. Mr. Lonardo, you dress like and you look very much like a successful businessman. Did you and the other LCN members consider organized crime to be a business?

Mr. LONARDO. I cannot answer that question honestly.

Senator COHEN. Well, why did you become a member?

Mr. LONARDO. Well, usually when you become a member, a lot of people that find out about it or hear about it, they show more respect for you.

Senator COHEN. So you joined the LCN to simply derive more respect from your community?

Mr. LONARDO. That is right. I also got money for it later.

Senator COHEN. But you did not consider it part of a business-making operation?

Mr. LONARDO. No.

Senator COHEN. Mr. Chairman, that is all I have right now. I want to commend you for holding the hearings. Mr. Chairman, you are recognized as an expert in matters of national security, and I hope that these hearings will serve to illustrate to both Congress and the country that the internal thread of a organized crime is every bit as dangerous and insidious as any posed by our external enemies.

I think what is most disturbing when we hear testimony on this issue is that we see that organized crime feeds off of the fears and the weaknesses of innocent people, all the time wrapping itself in pretentions of legitimacy. These criminals have set up a government of their own outside the law, and I think it is important that you continue to remind the American people just how deadly and dangerous organized crime is.

Thank you.

Senator NUNN. Thank you very much, Senator Cohen. I agree with you completely and I am very grateful to you for your participation, not only here but in your constant attention to the works of this Subcommittee, because you have been one of our most active members in this narcotics and other areas as well.

I have a few more questions, but, Senator Glenn, I defer to you if you have any additional questions first.

Senator GLENN. I have a couple I would like to ask, Mr. Chairman. Thank you very much.

One involves the informant list out of the Cleveland FBI office. How did you get that? What use did you make of it?

Mr. LONARDO. I did not get that list.

Senator GLENN. You did not have that?

Mr. LONARDO. I saw it, but I did not get it.

Senator GLENN. Who received that?

Mr. LONARDO. Tony Liberatore.

Senator GLENN. And did he keep it to himself or did he share it with other members of organized crime, so they would know what they were dealing with or what?

Mr. LONARDO. Well, he showed it to us and he also showed it to other members.

Senator GLENN. I was just looking at this summary sheet here on the chronology of violence of Cleveland organized crime, and between May of 1968 and the end of April 1981, or say May to May, between 1968 and 1981, over a period of about 13 years, not counting the people who were just hurt or autos that were blown up, but there were 35 deaths, if I add this up correctly, 35 people were murdered in the Cleveland area in that 13-year period.

Now, during that time period you were the underboss all during that time period. Were you involved in approving most of those or

a substantial number of those, or did you not know about them, or what was your involvement in those 35 murders?

Mr. LONARDO. Most of them, I knew nothing about.

Senator GLENN. Well, how could they operate independently like that, if you had such tight family control?

Mr. LONARDO. Well, it was not our members who were doing it.

Senator GLENN. It was not members of the Cleveland family, then, or the "made" members that were approving these 35 deaths?

Mr. LONARDO. That is right.

Senator NUNN. I think you are not answering that question in regard to everyone on the list, but you are saying that a number of the murders were not commissioned by the Cleveland family, is that correct?

Mr. LONARDO. That is right.

Senator NUNN. There are some murders on the list that you have talked about in your opening statement that your family was involved in, is that correct?

Mr. LONARDO. That is right.

Senator NUNN. I am going to come back and ask you a few questions on the specifics of those murders.

Senator GLENN. Just one other question. How far down in professional levels did you have people who were essentially on the LCN payroll? Did you have accountants and lawyers and other people that were virtually your full-time employees?

Mr. LONARDO. No.

Senator GLENN. You did not?. If you needed an accountant or a lawyer or somebody, you just hired somebody for that particular time?

Mr. LONARDO. That is right. I had an accountant for my business.

Senator GLENN. Thank you, Mr. Chairman.

Senator NUNN. Let me ask you, taking up where Senator Glenn left off on the murders, was there a period of time when you had in your Cosa Nostra family, a gang war with other organized crime groups?

Mr. LONARDO. No.

Senator NUNN. There never was anything like that?

Mr. LONARDO. No.

Senator NUNN. You never did have any kind of gang war with an Irish gang?

Mr. LONARDO. No, we did not, that I know of. I do not remember it.

Senator NUNN. On pages 8 and 9 of your statement you mentioned the murder of Charlie Carabbia. Who committed that murder?

Mr. LONARDO. There were orders from Pittsburgh, mostly from Pittsburgh.

Senator NUNN. Why was that murder committed?

Mr. LONARDO. Well, he was knocking Jimmy Prato and Joey Naples and he says he was going to take no orders from them, either from them in Pittsburgh or Cleveland.

Senator NUNN. How was that murder carried out?

Mr. LONARDO. Well, Prato was mad, so was Joey Naples, at Charlie Carabbia because he used to go to different bars and drink and

knock the Pittsburgh and Cleveland families also, and he says one of these days I will hit him.

Senator NUNN. Did you participate in that murder?

Mr. LONARDO. No, I did not.

Senator NUNN. Did you authorize or approve of that murder?

Mr. LONARDO. Well, we tried to block it for a long time, for respect of Ronnie Carabbia, who was serving time for the Danny Greene murder.

Senator NUNN. Did you eventually approve of that murder?

Mr. LONARDO. Later on, we did, yes, but we tried to save his life for respect of Ronnie Carabbia.

Senator NUNN. But later on you approved it?

Mr. LONARDO. Well, Jack and I both, yes, we said if he still keeps on giving you headaches, go ahead and do it. We tried to stop it. We talked to Charlie Carabbia, told him to mind his own business, he was making a good living, and just to go along with the fellows at Youngstown, from Pittsburgh.

Senator NUNN. But finally you said, okay, if he keeps on giving you trouble, go ahead and do it?

Mr. LONARDO. That is right.

Senator NUNN. Was anyone ever prosecuted for that murder?

Mr. LONARDO. No.

Senator NUNN. On page 10, you mention the murder of Leo Moceri. Who committed that murder?

Mr. LONARDO. I believe it was Danny Greene and Keith Ritzen.

Senator NUNN. Why was that murder committed?

Mr. LONARDO. Well, Leo Moceri and John Nardi did not get along, and one day during the feast that they hold every year in Cleveland, in Mayfield—I think you know about that—Leo Moceri told John Nardi to mind his own business from now on and he had better start behaving or otherwise he was going to get it. He says, "You know I'm the underboss now," he says, "don't forget."

Senator NUNN. How was that murder carried out?

Mr. LONARDO. Well, John Nardi was being tried in Miami on narcotics, and while he was there he gave Danny Greene the order, the contract to try to get Leo Moceri.

Senator NUNN. Where was that contract carried out? Where was he killed?

Mr. LONARDO. Where he was killed, I do not know, but they found his car in Akron. He lived in Akron.

Senator NUNN. Akron?

Mr. LONARDO. Yes.

Senator NUNN. Did you participate in that murder?

Mr. LONARDO. No, sir.

Senator NUNN. Did you authorize or approve of that murder?

Mr. LONARDO. No, sir.

Senator NUNN. Did any other member of the Cleveland family authorize or approve of that murder?

Mr. LONARDO. No, sir.

Senator NUNN. Was that the murder carried out by the other gang, another gang——

Mr. LONARDO. Yes.

Senator NUNN [continuing]. Against a member of your gang?

Mr. LONARDO. Against a member of our gang? No. He was a member of our family.

Senator NUNN. Moceri?

Mr. LONARDO. He was the underboss.

Senator NUNN. Of your family?

Mr. LONARDO. Yes.

Senator NUNN. And someone from another family carried out the contract on him?

Mr. LONARDO. It was not a family, it was Danny Greene and Keith Ritzen.

Senator NUNN. Did they belong to any kind of family at all? Was there any kind of——

Mr. LONARDO. They were called what you call a gang or——

Senator NUNN. Did that basically start a war between your family and that group of people?

Mr. LONARDO. Do you mean after Leo Moceri died?

Senator NUNN. Yes.

Mr. LONARDO. Yes, it did.

Senator NUNN. That murder——

Mr. LONARDO. But before that there was nothing.

Senator NUNN. So the Moceri killing started the killings back and forth between your family and the outside group?

Mr. LONARDO. There were just two killings there, yes.

Senator NUNN. Which two were they?

Mr. LONARDO. Danny Greene and John Nardi.

Senator NUNN. So those killings were the result of the Moceri killing?

Mr. LONARDO. That is right.

Senator NUNN. I am going to skip the details on Greene and Nardi and Johnny Keys, which you have described on pages 13 and 14, because of concerns for pending trials.

At page 18, the murder of Joe Bonarigo, who committed that murder?

Mr. LONARDO. Joe Iacobucci, known as "Joe Loose."

Senator NUNN. Known as Joe?

Mr. LONARDO. Loose.

Senator NUNN. Why was that murder committed?

Mr. LONARDO. Well, Tommy Sinito came to Jack White, he came to Jack White and then he told me about it, that Joe Bonarigo wanted to clip Jack and I. Jack told Tommy Sinito to get him.

Senator NUNN. How was that murder carried out?

Mr. LONARDO. Well, Joe Iacobucci, which later I found out got some fellow from the Hells Angels to help him do it.

Senator NUNN. Do you know where that murder occurred?

Mr. LONARDO. Where?

Senator NUNN. Where? The location? What city? What State?

Mr. LONARDO. It was in Cleveland, but where I do not remember.

Senator NUNN. However, it was in Cleveland?

Mr. LONARDO. Yes.

Senator NUNN. Did you participate in that murder?

Mr. LONARDO. Well, Tommy talked to me and he said Joe Bonarigo wants to hit you and Jack White, and that was Joe Iacobucci, and Jack White had told Tommy Sinito to get him.

Senator NUNN. Well, did you authorize or approve of that murder?

Mr. LONARDO. He talked to me about it, yes, later.

Senator NUNN. You gave him the okay?

Mr. LONARDO. Okay.

Senator NUNN. And you were never prosecuted for that murder?

Mr. LONARDO. Was anybody ever prosecuted?

Senator NUNN. Was anyone ever prosecuted?

Mr. LONARDO. No. No.

Senator NUNN. At pages 18 and 19, you mention the murder of David Perrier.

Mr. LONARDO. Perrier.

Senator NUNN. Who committed that murder?

Mr. LONARDO. Tommy Sinito and Ronny Anselmo.

Senator NUNN. Why was that murder committed?

Mr. LONARDO. Well, Tommy later told me that he was afraid of him because he thought he had gone to the authorities, the FBI and the other authorities and said something about him.

Senator NUNN. Did you participate in that murder?

Mr. LONARDO. I did not.

Senator NUNN. Did you authorize or approve it?

Mr. LONARDO. No, sir, I did not.

Senator NUNN. Was anyone ever prosecuted for that or convicted?

Mr. LONARDO. I do not think so.

Senator NUNN. Was Cleveland one of the more violent La Cosa Nostra families?

Mr. LONARDO. No, I would not say that.

Senator NUNN. You say it was——

Mr. LONARDO. They were respected.

Senator NUNN. They were respected. You mean they were violent enough to demand respect, is that what you mean?

Mr. LONARDO. The older crowd maybe was, yes, but they were well respected.

Senator NUNN. Can you maintain, develop and maintain respect in the family without murdering a number of people?

Mr. LONARDO. Yes, you could.

Senator NUNN. It does not seem that you succeeded in doing that in Cleveland, with all of these murders.

Mr. JAFFE. Mr. Chairman, with all respect, sir, the inference from that is that he has or the Cleveland family has either participated, approved or in some way in advance had knowledge of this list of murders, and I do not think that is a correct inference that——

Senator NUNN. I will make it clear, counsel. You make a good point. I am not referring to the list. I am referring to the ones we have just gone through. There were a number of murders that the witness has either said he participated in personally or that he gave the okay on. We have established those. So, for these that we have talked about, where you have either participated yourself or have given approval, not the whole list, it seems that there was an effort—may I ask the question, was this an effort to gain respect? Were the murders carried out in order to gain respect?

Mr. LONARDO. No.

Senator NUNN. They were more in the nature of revenge, retaliation?

Mr. LONARDO. Yes.

Senator NUNN. So you are saying you do not necessarily have to murder a number of people in order to maintain respect?

Mr. LONARDO. No, I do not think so.

Senator NUNN. Thank you very much for your testimony. It has been informative. Senator Glenn has one question.

Senator GLENN. Yes, a couple more. You indicated that one murder was carried out on orders from Pittsburgh, I believe was your wording. Did you ever ask other La Cosa Nostra families to carry out a murder in other parts of the country?

Mr. LONARDO. No.

Senator GLENN. Did you carry out requests from other places——

Mr. LONARDO. Oh, wait a minute.

Mr. JAFFE. Mr. Glenn, if I may refer you to the transcript of his prepared testimony, the answer to your question is there is discussion in that transcript of discussions between Cleveland and New York, which are the subject matter of the trial in which the jury has summations today, and I would suggest that the answer to that question is found in the transcript of the prepared testimony. The answer is yes, there were discussions about that, and I would ask you to please defer to that written transcript and, if further oral testimony is necessary after the trial, have the responses after that trial.

Senator GLENN. Okay. Fine. The line of questioning I want to pursue is this: I was curious as to whether these murders, including those that were never solved, were done because you asked someone else to come in and do it from outside; for example, from a New York group or a St. Louis group?

Mr. LONARDO. I never had anybody else do it for us, from other cities, no.

Senator GLENN. Okay. In other words, you do not do favors back and forth from one branch of the family to the other as far as taking care of the murder business goes?

Mr. LONARDO. Yes.

Senator GLENN. So you would on occasion request somebody else to do a job or you would do a hit for them?

Mr. LONARDO. If I had to request somebody to do it, I would talk to them, or they would need something, they would come to us.

Senator GLENN. Well, to make it more difficult for the police and more difficult to track, did you have other hit men come in from time to time to take care of a murder that had to be executed, or did local family members always take care of that on a personal basis?

Mr. LONARDO. No, we never did.

Senator GLENN. You never called people in from the outside, it was always done locally?

Mr. LONARDO. Yes.

Senator GLENN. What happens to somebody within your group that you would say, okay, we now want to get this person, we want to eliminate them, we want them murdered, and you would assign that to some subordinate to do. Did they have an option of doing

that, or were they duty-bound to carry out that murder on your orders?

Mr. LONARDO. They are duty-bound to do it.

Senator GLENN. Has he looked at this whole list? Is that the same list that you had a while ago?

Senator NUNN. That is the same list and he is going to submit that for the record. He is going to look at each one of those and submit answers for the record on each one.

Senator GLENN. If the LCN could get to you today, would you presume that you would be a dead man?

Mr. LONARDO. Yes.

Senator GLENN. Thank you, Mr. Chairman.

Senator NUNN. Mr. Lonardo, you are 77 years old, you have had a life involvement with La Cosa Nostra. If you were starting over today, would you go back through that pattern again?

Mr. LONARDO. No, I do not think so, and I am telling the truth.

Senator NUNN. Would you join the family?

Mr. LONARDO. No.

Senator NUNN. Tell us why not.

Mr. LONARDO. There are too many headaches involved in it.

Senator NUNN. Headaches are what you described as things that occur and you have to take care of them by murdering, is that what you mean by headaches?

Mr. LONARDO. That is right.

Senator NUNN. Mr. Lonardo, thank you. You have given us some gruesome inside pictures of how La Cosa Nostra operated based on your personal experience. We thank you for your testimony.

At this time we will clear the room for approximately 10 minutes, and we will start back here at quarter to. I will ask all cameras to be turned away from the front, as you have been requested, before the witness leaves.

Mr. Jaffe, we thank you so much for your cooperation. We appreciate it.

Mr. JAFFE. Thank you, Senator.

[Short recess.]

Senator NUNN. The Subcommittee will come to order.

Our next panel of witnesses will be Special Agent-in-Charge, James Ahearn, and Supervisory Special Agent Edward Quinn of the FBI's Boston Division; Special Agent Joseph Griffin of the FBI's Cleveland Division; and Special Agent Robert B. Davenport and Michael Shanahan of the FBI's Kansas City Division.

Gentlemen, we are delighted to have you here. We know you do an awful lot of good work for our Government and for the safety of our people and we are very grateful to you.

This panel will discuss organized crime activity in their particular regions of the country with an emphasis on major investigations conducted by them against an LCN family. Each investigation is unique and utilized different investigative techniques that were warranted by problems that were endemic to their divisions.

We swear all the witnesses before our Subcommittee and we would ask all of you to stand and take the oath.

Do you swear the testimony you give before the Subcommittee will be the truth, the whole truth and nothing but the truth, so help you God.

[All reply affirmatively.]

Senator NUNN. Thank you.

Mr. Ahearn, we will lead off with you, if that is satisfactory this morning.

**TESTIMONY OF JAMES F. AHEARN, SPECIAL AGENT-IN-CHARGE, FEDERAL BUREAU OF INVESTIGATION, FIELD DIVISION, BOSTON, MA, ACCOMPANIED BY EDWARD QUINN, SUPERVISORY SPECIAL AGENT**

Mr. AHEARN. Yes, sir. Mr. Chairman, at this time I would like to make a short condensed statement and submit to you a lengthier statement about activities in New England.[1]

Senator NUNN. Your entire statement will be incorporated in the record without objection.

Mr. AHEARN. Thank you, sir. It is a privilege to appear before this panel today as a representative of the Boston Field Division of the FBI. The Boston Division encompasses the territory covered by the States of Rhode Island, Massachusetts, New Hampshire and Maine. I would like to present some information on the organized crime picture as it relates to La Cosa Nostra in this territory.

Today in New England we find two LCN groups represented; the Patriarca Family in Boston and Worcester, as well as Providence, Rhode Island; and the New York Genovese Family in Springfield, Massachusetts.

Raymond L.S. Patriarca took over the leadership of the Family in 1954 and retained that role until his death in 1984 when Family leadership passed to his son, Raymond J.C. Patriarca. In 1981 a court-authorized microphone was placed in the office of the Family Underboss and another in a club frequented by a powerful family Capo and his soldiers. Evidence from these two microphones presents a rare picture of the day-to-day operation of an LCN family wherein the very nature of this secret organization was frequently discussed, as were a wide variety of their criminal ventures. Murder, extortion, gambling, loansharking, bribery were found to be their primary areas of criminal effort.

As a result of the evidence obtained from these microphones, 22 convictions were recorded. The length of the sentencing ranged from 45 years to 18 months imprisonment and included convictions extending from the Underboss to La Cosa Nostra associates. More specifically, convictions were obtained on the Underboss, three Caporegimes, seven members and 11 associates. An indictment was also returned on the Consigliere of the family but trial was postponed due to medical reasons. The Consigliere died prior to any trial on RICO charges.

It is noted that convictions were also recorded in State court against the Underboss of the family and one additional LCN member on the charge of accessory before the fact of murder utilizing evidence from the Federal wiretap mentioned above. Conviction on this charge resulted in a life sentence to the Underboss and a 15 to 20 year sentence for the soldier.

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[1] See p 552.

Our efforts against the Springfield, Massachusetts, faction of the Genovese Family have been equally successful utilizing electronic microphone surveillance and the RICO theory of the LCN as a criminal enterprise. Within the last several months, a long-time Capo for that area and five of his soldiers, as well as two associates, entered guilty pleas to charges and were sentenced.

The Boston investigative strategy to combat organized crime is only a small part of the national organized crime strategy but is similar in design. Our goals will be met only when the LCN no longer functions as a criminal enterprise.

I think I can safely represent to you today that in New England this process is well started. The newly created LCN leadership has within 2 years found itself subject to intense investigation and expecting extensive RICO indictments. Fear of electronic surveillance and cooperating witnesses have greatly reduced their ability to communicate with each other and without communication no group can successfully function. New LCN members are not being successfully recruited and those sought are not as interested in membership as they were in the past. Conviction of experienced leaders has forced less capable people into leadership roles for which they are not prepared.

The LCN in New England is in a state of regression for the first time in 70 years. However, the history of the Mafia in Sicily would tell us that this is not enough to claim victory. Our successes should only serve to convince us how much more there is to be done. There is much about the LCN that we do not know, particularly in the areas of finance, legitimate business and corruption, or how they will replenish their ranks from a community of more educated people who may choose a different way of life.

A necessary ingredient in our effort against the LCN is a community belief that we can do the job and that citizens will do their part in fighting organized crime. Where the LCN has been deeply entrenched in the community for many years, this sense of community rejection of the LCN is often difficult to achieve. However, in many parts of New England I am convinced that our successful efforts to date have turned the tide and citizens do believe that something can be done about the LCN and their influence. This does not come overnight. It is a continuous problem but I can assure you it is taking place.

Mr. Chairman, at this time I would like to ask Mr. Quinn to give you specifics on a case that he supervised for a number of years that will illustrate my remarks.

Senator NUNN. Thank you.

Mr. Quinn?

Mr. QUINN. Thank you, Senator. Thank you, Jim.

Senator, I too would like to echo Jim's comments regarding my privilege to be here to testify before you and your Subcommittee and to present to you some of the facts concerning the FBI's investigation regarding the LCN in Boston. Like most of the other FBI Field Offices, the Boston investigation paralleled the investigative strategy that the FBI had in the late 1970s and early 1980s.

As Mr. Revell testified last Monday, most of the FBI's investigation regarding the LCN in Boston centered around the financial base of the LCN itself. This met with statistical success. However,

it did not meet or curtail any of the LCN activities particularly in Boston.

In late 1979 and 1980 the FBI attempted to prepare affidavits allowing for the interception of conversations at 98 Prince Street in the North End section of downtown Boston, a predominantly Italian area and the home of the Angiullo brothers for approximately 50 years. This one factor alone, namely the long-time standing of the Angiullo brothers in this community, caused perhaps the greatest and the most difficult investigative technique for the FBI in Boston.

For almost a 12-month period the FBI was unsuccessful in its efforts to obtain video surveillance of the area known as 98 Prince Street. This was as a direct result of the citizens in this area who, because of either fear, loyalty or respect for the LCN, had in fact reported to the LCN all activities of law enforcement surveillance conducted anywhere within a 3-block area of the headquarters of the LCN.

This was all too clear to the FBI during its 3 month electronic surveillance when during a period of approximately 103 days on virtually every day an individual would run into one of the Angiullo brothers and report a new car or a new individual known to be or suspected to be law enforcement to one of the Angiullo brothers. They would describe the individual. They would give the license plate and any other additional information needed to determine whether or not the individual was in fact law enforcement.

Surprisingly, most of the time they were accurate. This caused, as I said, our greatest difficulty. We had to have video surveillance to go along with the audio surveillance in order to identity the speakers in connection with the electronic surveillance. One of the agents of the Boston Office devised a system whereby, through the use of a videotape recorder, a camera, car batteries and other equipment, we were able to secret a camera inside a vehicle and for 103 separate days obtained pictures of individuals going in and out of 98 Prince Street.

This necessitated the changing of a vehicle, which I will describe in a little while relative to one of the slides you will see. It necessitated the changing of this vehicle each and every evening for 103 separate evenings, and not once were any of the agents detected bringing in additional vehicles containing the same equipment.

One of the other problems we encountered as a result of the electronic surveillance was the decision by the FBI office to utilize only FBI personnel in this investigation. This was based on two facts; one, all of law enforcement in the New England area knew who the Underboss of the LCN was and who controlled all of the organized illegal activities in Boston—namely, Genaro Angiullo. And number 2, all of the law enforcement officers in that area also knew that the headquarters of the LCN was located at 98 Prince Street.

Under normal procedures, if any law enforcement knew that the FBI or any other group had successfully planted microphones and was obtaining information from that area, it would obviously have encountered numerous conversations among the law enforcement community. That, coupled with the fact that the FBI also had alle-

gations of police corruption in the Boston area, necessitated the fact that we would go only with FBI personnel.

We would also go strictly with no usage of any utility company in the Boston area. We have from information received knowledge that the Angiullos also had their own people with the telephone company and all utility companies in Boston and would be able to report back to them any request by the FBI or law enforcement concerning leased lines or any other equipment needed for the usual manner in which electronic surveillance is conducted.

We also, unfortunately, did not have any cooperating witnesses in preparing for this affidavit. Very few people, because of the long-standing community, the long-standing relationship that the LCN had to the Boston area and the fact that they had gone untouched as far as the hierarchy goes for a period in excess of 25 years meant that very few people were willing to cooperate and testify for the FBI. We did, however, utilize a number of informants in establishing probable cause and drafting an affidavit for the electronic surveillance itself.

Prior to going into some of the conversations and the subject matter discussed during this 103 day surveillance I would, with your permission, like to show just a few slides so that you and your Committee see the area that the FBI did in fact successfully enter, to see a little bit of the North End of Boston to know some of the difficulties we encountered, and to also see some of the areas of property as well as some of the other items that the jury upon conviction awarded through the forfeiture provisions of RICO.

Senator NUNN. Good. We look forward to seeing that.

Mr. QUINN. Thank you, sir.

The first slide, Senator, shows the Prince Street area of Boston. [See Exhibit No. 30a on p. 813]. Again, it is a largely predominant Italian area. It is located less than 2 miles from downtown Boston. The area that Mr. Ring will now point to depicted the area that the FBI had positioned the vehicle in which we afforded video coverage of the front entranceway—which he will now point to—each day throughout the surveillance.

Again, each morning at approximately 3 or 4 in the morning, FBI agents would have to remove that car and place another car fully equipped with video coverage. Just trying to maintain the parking space in Boston was a unique achievement. We did have a substitute parking space but we did not have to use it at any time.

I might also add on this one, if you would, notice the closeness of the buildings to each other. There is no space between any of the buildings. They are approximately 4 to 5 floors of apartment houses with no elevators and the majority of residents in that area have been there for many, many generations. This alone afforded them their most important form of protection against law enforcement.

This is the front entranceway to 98 Prince Street. [See Exhibit No. 30b on p. 814.] The two windows to the left form almost the complete width of the apartment inside, which you will see on the next slide. This slide was taken, again, in 1981. The only difference to the street now is that the gaslights of Boston have been replaced by more modern means.

As you enter the door that Mr. Ring just pointed to, the door which is now depicted on the far left of the slide, you simply enter into a small lobby, take one step to the left and you are inside the first floor apartment of 98 Prince Street. [See Exhibit No. 30c on p. 815.]

This is a full view of 98 Prince Street, or the first floor apartment of 98 Prince Street. [See Exhibit No. 30d on p. 816.] It is approximately 30 to 35 feet long and less than 12 feet wide. The only thing now shown in this slide is a small 8-foot section to the kitchen area into an alcove area and a very small bathroom located in the very middle of the apartment. There are no sleeping arrangements in that apartment and it was used for only one purpose, namely to conduct criminal activities and to have criminal conversations.

The items that you see on this slide, together with a TV which was depicted on a slide just two ago, were the main reasons that caused the audibility problems regarding the electronic surveillance. [See Exhibit No. 30e on p. 817.] The radio on the left was left on 24 hours a day and was tuned to a talk-radio station, again, having similar characteristics to normal individuals in their conversational tones.

This caused tremendous difficulty early on in the electronic surveillance and was the direct result of having to go to FBI laboratory after the completion of the electronic surveillance and enhance 696 different conversations ranging in length from 3 hours to less than a minute in duration.

The enhancement process did in fact minimize some of the background noise caused by the radio, TV and the two other items located to the right of the telephone, namely a police scanner and a CB scanner. The CB scanner was the way that they communicated between their cars and the headquarters. The police scanner was on constantly and on one occasion we even monitored one of the FBI communications over their police scanner.

The item shown in the slide right now was found on the second floor apartment of 98 Prince Street. [See Exhibit No. 30f on p. 818.] The day following the completion of the electronic surveillance, search warrants were executed at 98 and 95 Prince Street. This was found in a fake fireplace on the second floor and it was a safe cemented in concrete. They refused to open the safe and with the help of the Boston Police Department the safe was extracted from the cement.

The safe that you see there now contained $327,000 in cash, $300,000 in bonds and some jewelry. [See Exhibit No. 30g on p. 819.] The jury, after finding them guilty of RICO violations, awarded 50 percent of the money and the bonds to the United States Government.

The scene depicted on this slide was from the 4th floor apartment of 95 Prince Street, just across the street from the headquarters. [See Exhibit No. 30h on p. 820.] It was a gutted out section of the apartment building which contained five different floors.

The significant portion of this slide is the small piece of paper located on the lower center section of the slide. It was this one piece of paper that allowed the jury to say that criminal activity was conducted at that location and forfeited that property to the

United States Government. The piece of paper in question is shown as a closeup, and although it is difficult to see from this area, what it is, is a numbers betting slip. [See Exhibit No. 30i on p. 821.] The numbers on the piece of paper itself are 212 equals $4, 122, 25 and 221, 25, with a notation underneath saying 27 and a notation at the very bottom of the slip saying 6-day play.

It is the normal type of slip, as testified to by an FBI expert in gambling matters, that a numbers operator would use in a numbers operation and the jury found that sufficient to award that property to the Government.

This was also an apartment owned and operated by Francesco Angiullo at 95 Prince Street. [See Exhibit No. 30j on p. 822.] That was the dresser drawer in his bedroom apartment containing $40,000, 50 percent of which was forfeited to the Government. As a result of many conversations at 98 Prince Street in which Francesco Angiullo, the accountant for the operation, would say to his gambling operatives that he had to go across the street, would come back and would pay his operatives off. As a result of some of those and similar conversations, we searched that apartment house and in fact came up with that money and other pieces of evidence.

On April 20th, 13 days before the completion of the electronic surveillance, the FBI conducted raids on 20 locations regarding the numbers operation. [See Exhibit No. 30k on p. 823.] This is similar in nature to all of the locations that were raided by the FBI and depicts a numbers operation at the time the FBI raided that location. Each one of the 20 individuals that were raided, either by themselves or through another runner or through another means, reported back to 98 Prince Street and to the Angiullos.

The slide depicted here shows a popular espresso shop in the downtown North End area of Boston called the Cafe Pompeii. [See Exhibit No. 30l on p. 824.] As a result of conversations, again, with the electronic surveillance, it was determined that one of the offices inside the Cafe Pompeii functioned as the office for Denardo Angiullo, one of the Caporegimes of the New England Family. And again, the Government received that in forfeiture as a result of the jury's decision.

Again, the slide depicted here simply shows Francesco's Restaurant, a nightspot that they usually went to after leaving 98 Prince Street and where three of the individuals were arrested in September of 1983, including Genaro Angiullo. [See Exhibit No. 30m on p. 825.]

The last slide, which is difficult to see on the collage, depicts various areas of 51 North Margin Street. [See Exhibit No. 30n on p. 826.] At the same time electronic surveillance was being conducted at 98 Prince Street, there was also a similar electronic surveillance being conducted less than 50 yards away at 51 North Margin Street. The majority of times that Ilario Zannino, the top Capo in the New England Family, would finish his conversations at 98 Prince Street, he would then go over to 51 North Margin Street where he would conduct additional business with his own regime. These conversations were also recorded and were used at subsequent trials for and against the LCN.

The conversations gleaned during the 103-day period of the electronic surveillance obtained conversations in murder, conspiracy to

murder, extortion, gambling, loansharking, obstruction of justice, police corruption and many others. Perhaps more fascinating than any of the conversations were those conversations involved in three different areas.

One was the fascination that Genero Angiullo, his brother Francesco, and his top Capo, Ilario Zannino had regarding the RICO statute. During the time of this electronic surveillance, the First Circuit Court of Appeals had in fact reversed a RICO decision against Novia Turquette saying that the RICO statute did not apply to wholly illegitimate businesses, that it only applied to the infiltration of legitimate businesses.

This produced numerous conversations, particular by Genaro Angiullo, who specially related the RICO statute to his criminal enterprise. He was able to quote every section of Title 18 that pertained to all violations that he participated in, and he wanted to make sure that all of his soldiers knew every provision of the RICO statute. More than anything else, he feared the forfeiture provision of the RICO statute and in fact during a 9-month trial spent as much time trying to keep all of his property and money away from the Government than he did trying to protest his innocence.

The RICO statute, as I said before, produced numerous quotes and if I may before the Subcommittee right now, I would like to read some of the quotes to give some idea to the Subcommittee of the significance the RICO statute had relative to this investigation and the fear and the respect that it had among the LCN.

The following quote, on April 27th, between Genaro Angiullo and Ilario Zannino pertained to a conversation they had relative to the RICO decision being argued before the Supreme Court. He was certain that the Supreme Court would reverse the First Circuit Court of Appeals and Ilario Zannino was taking a stronger stand, saying that the Supreme Court would hold that in fact it did not pertain to wholly illegitimate businesses.

GENARO ANGIULLO. We're off the hook. We can do anything we want. They can stick RICO. I wouldn't be in a legitimate business for all the money in the world to begin with.

Their argument was: We're illegitimate business. We're a Shylock. We're a bookmaker. We're selling marijuana. We're illegal here, illegal there, arsonist. We're everything. Pimps, prostitutes. The law simply does not cover us.

As they found out in June of 1980, the law did cover them and covered them throughout the trial.

On another occasion, Genaro Angiullo, citing his knowledge of the Title 18:

There's a 1955 here which is gambling. There's an 892, 3, 4, which is Extortionate Credit Acts. You are beginning to make the framework of the RICO an enterprise; remember that word enterprise, and it isn't the USS aircraft carrier, either. Enterprise. This is the enterprise here.

Some of the conversations involving their almost callous and haphazard manner in which they discuss murder and in which they took that on many occasions as the only alternative to the solution of a problem. All of the individuals named in this quote are either members and/or Capos under Genaro Angiullo.

Genaro ANGIULLO. I got Dominic. I got John Cincotti. I got Peter Limone, Jr. I got Richie. I got my brother, Danny. I got you and I got four soldiers in East Boston that will kill anybody.

The next quote refers to a murder contract. On March 19th of 1981 at 9:30 p.m. Genaro Angiullo called two of his soldiers into 98 Prince Street. An individual by the name of Walter Lafreniere had been summoned before the Grand Jury and subpoenaed before the Grand Jury relative to a $2,000 loan he had taken in a "barboot" game by Jason Angiullo, the son of Genaro Angiullo. Even though Genaro Angiullo had been told that Walter LaFreniere would stand up and that he would take 18 months rather than testify before this Grand Jury, Genaro Angiullo, never having met Walter LaFreniere and at most times never even been able to pronounce his name, still wanted to eliminate the threat.

He gave the following order to two soldiers, Richard Gamboli and Peter Limone, Jr.: "Arrange a meeting with LaFreniere and then hit him in the head and stab him. The jeopardy is just a little too much for me. You understand American. Okay, let's go."

That order was given exactly at 9:56 p.m. on that date and a few hours later the FBI found Walter LaFreniere before they did, warned him of the contract on his life only to find out that the next day, after in fact they tried to make the contact with LaFreniere, he explained to the LCN everything that had been told to him the night before by the FBI.

It is only the result of the ego and the fact—the ego of Genaro Angiullo—and the fact that they never thought that their headquarters could be bugged, that he blamed everybody else for the leak on the contract and never once realized that the contract was heard as a result of the microphones in his location.

Senator NUNN. They did not kill him?

Mr. QUINN. They did not kill him because of the fact that the FBI now knew that a contract had been placed on him. They did not kill him. He in fact did go to testify before the Grand Jury, was granted immunity and was held in contempt and did 18 months rather than testify.

Another murder contract regarded an individual by the name of Harvey Cohen. The significance on this contract was the fact, as Ilario Zannino said, this was for the family in New York. Mr. Cohen had a trucking firm with businesses both in Boston and New York. His exact association with the family in New York was never made clear.

However, Ilario Zannino gave the following order to three of his soldiers at 51 North Margin Street: "You two and you, I want to kill Harvey Cohen very shortly. Get his confidence and keep talking to him and we will hit him in the head. This is for the family in New York."

There was one other murder contract given out during the course of that 3½ month surveillance. It was on March 19 when a Capo brought in a soldier calling for the murder of an individual by the name of Angelo Petrizzi. Three years prior to that Angelo Petrizzi's brother had been murdered by the LCN. The fear that they had that Angelo would in retribution try to kill some of them brought about Angelo's murder.

When the order was given to kill Angelo Petrizzi, the FBI tried unsuccessfully to locate him as he was in a fugitive status at that time. He was located by finding his badly decomposed body in the trunk of a car approximately 3 months later.

Mr. Ahearn has stated that Genaro Angiullo was found guilty of RICO in the Federal system and was also tried in the state system based upon those conversations for accessory before the fact of murder and received a life sentence in addition to a 45 year sentence under the Federal Government.

The trials that emanated from all of the electronic surveillance resulted in a conviction of all individuals indicted with the exception of the Consigliere, who died through normal means prior to going to trial.

There were numerous areas that the FBI had to improvise upon during this investigation, the most of which was to try to overcome the surveillance techniques employed by the LCN itself in the North End of Boston and perhaps more significantly was the enhancement process that the FBI laboratory assisted the FBI Office in Boston with, allowing for these conversations to be played in court.

I appreciate once again, Senator, and the time and the effort to bring this before the Committee.

Senator NUNN. Thank you very much, Mr. Quinn and Mr. Ahearn. We appreciate your very, very interesting testimony.

I gather that the bottom line as far as the legislative body is concerned, the U.S. Senate and the House of Representatives, is that electronic surveillance and RICO are absolutely essential tools in what you are doing; is that a correct impression?

Mr. AHEARN. Absolutely, Senator. Without the RICO law I think the matters we have just spoken of never would have occurred, and without the authorization to use electronic surveillance, evidence of this type could not be gained.

Senator NUNN. Mr. Griffin, we are delighted to have you here as the Agent-in-Charge of the Federal Bureau of Investigation Field Office in Cleveland, Ohio. We will now have your testimony. We will hear all of the testimony first and then come back for questions.

We have heard a lot about Cleveland in the last couple of days, so we will be delighted to get your perspective on it.

**TESTIMONY OF JOSEPH E. GRIFFIN, SPECIAL AGENT-IN-CHARGE, FEDERAL BUREAU OF INVESTIGATION, FIELD DIVISION, CLEVELAND, OH** [1]

Mr. GRIFFIN. Thank you very much, Mr. Chairman. With your permission I would like to read a brief opening statement and then thereafter discuss two investigations.

Senator NUNN. That will be fine. We will put your entire statement in the record without objection.

Mr. GRIFFIN. Thank you, sir.

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[1] See p. 574 for Mr. Griffin's prepared statement.

Mr. Chairman and distinguished members of the Subcommittee, I am honored and pleased to appear before you on behalf of the Cleveland Office of the Federal Bureau of Investigation.

My opening remarks concern a recent history of the Cleveland Family of La Cosa Nostra and of the accomplishments of the Cleveland FBI in eliminating this cancer to our society, and of our plans for maintaining the investigative momentum in this area.

The story of the Cleveland LCN Family is not one of criminal genius or superior business acumen in the realm of criminality. It is a story of young hoodlums grown old, lacking any vestige of conscience, social responsibility, remorse, or any other human virtue that would identify them as responsible members of human society.

They have called themselves "the Family," "The Mob," "La Cosa Nostra" which, incidentally, roughly translates to "our thing." It is a gang acting as a business. Its tools are guns, bombs, extortion and death.

Upon the death of John Scalish in 1976 the position of Cleveland LCN "Boss" was taken over by James T. Licavoli. A power struggle soon developed between Licavoli and a faction of Cleveland west side organized crime figures led by Danny Greene and John Nardi, who intended to take over control of all illegal gambling in the Cleveland area, as well as exert strong influence on the unions through Teamsters Local 410.

The conflict burst into intra-gang violence when Licavoli's underboss, Leo "Lips" Moceri disappeared, the apparent victim of a gang war. Licavoli immediately put out a contract to kill Greene and Nardi.

In May, 1977 John Nardi left the Teamster Hall in Cleveland and entered his car. He was blown to pieces by a bomb, detonated by a remote control device.

After several failed attempts to kill Danny Greene, professional hit men from out of State were recruited to assist in the murder of Greene. Jimmy "The Weasel" Fratiano from the Los Angeles Family recruited Ray Ferritto, who traced the habits and movements of Danny Greene, aided by the use of wiretaps. As Greene returned to his car from a dental appointment, a bomb placed in the car adjacent to his exploded, killing him instantly.

Ironically, the death of Danny Greene served to do what Greene himself had been unable to do, that is, to destroy the Cleveland LCN Family. The apparent use of outside mobsters and the developing evidence of interstate cooperation between these mobsters made it possible for the FBI to place their overt criminal acts into the category of a racketeer influenced and corrupt organization, thereby subject to the Federal RICO statute. The FBI's intense investigation resulted in a successful prosecution in August of 1982 which was devastating to the Cleveland LCN Family.

At the same time, the Cleveland FBI was investigating a major narcotics operation——

Senator NUNN. Mr. Griffin, let me try to get it straight as to exactly how RICO came into play. You said the death of Greene led to the basic successful prosecution of many of the organized crime elements in Cleveland.

Now, tell us specifically how the death of Greene led to that and how you utilized the RICO statute.

Mr. GRIFFIN. Senator, we used the two murders—the murder of Nardi and the murder of Greene—as the basis of the pattern of racketeering activity. If two murders are committed in a pattern by La Cosa Nostra, which in this case was the establishment in fact, it becomes a violation of the RICO statute.

Senator NUNN. All right. Now, I think I understand it, and we have been through it many times. But I think it is important for the record to be very clear on this point because we will later have a review of the RICO statute.

You could have proved the murders without the RICO statute. Sort of walk us through why RICO helped your investigation as opposed to simply proving the murders.

Mr. GRIFFIN. Senator, an actual murder is not a Federal offense, but once it becomes a pattern, it falls within the RICO statute and it does become FBI jurisdiction.

Senator NUNN. Okay. Now, what does the prosecution under RICO enable you to do that simple convictions under murder, even if it was simply State law, if the State brought murder charges, what does RICO allow you to do that just a conviction on murder would not allow you to do?

Mr. GRIFFIN. It allows us to seize property. There are maximum prison terms of 20 years. And basically that is what it helps.

Senator NUNN. So, the two things you have identified in RICO; it gives you jurisdiction, first of all, Federal jurisdiction?

Mr. GRIFFIN. Yes.

Senator NUNN. Over some elements that would normally be State crimes; is that correct?

Mr. GRIFFIN. Yes, sir. In fact, in these cases many of the individuals were both tried in Federal Court for RICO and in State court for murder.

Senator NUNN. All right. It gives you jurisdiction, first of all, and second it allows the seizure of property once you have established the criminal enterprise and the pattern of racketeering activity.

Mr. GRIFFIN. Yes, sir.

Senator NUNN. And the seizure of property is part of the criminal RICO statute. It does also have the option of being part of the civil RICO statute?

Mr. GRIFFIN. Yes.

Senator NUNN. Mr. Ahearn, do you want to add to that? I want to pin down this point of where RICO helps you as opposed to the law in absence of RICO.

Mr. AHEARN. Well, I think, Senator, not only in the two areas we are talking about, but as Mr. Quinn alluded to in his remarks, using RICO as one of—if we had been able to use RICO during the Angiullo investigation we would have been able to gather a lot more evidence about the structure of the organization. We picked up some. We picked up a lot, really, but we could have picked up a lot more about their illegal activities.

Unfortunately, during the times of the electronic surveillance, as Mr. Quinn described, we could not use RICO because the appellate court had found it not to be applicable in our case. That was since overturned but it was too late to help us. But it would have given us quite a bit more of the overall span of the illegal activities of this organization.

Senator NUNN. But you were able to obtain the convictions without RICO?

Mr. AHEARN. No, sir. They were convicted of RICO. It was during the period of time that the evidence was being gathered that the doubt was there.

Senator NUNN. I see. All right, now we have heard from Mr. Griffin that giving jurisdiction is the main element of RICO. Would you want to supplement that or add to it? What else, besides giving Federal jurisdiction does RICO do for you, and in addition to the other benefit, which is seizure of property?

In addition to those, what else does RICO do?

Mr. AHEARN. I think those are the two main points, the jurisdiction, but in the case that we are referring to and others that we have under investigation now, the forfeiture aspect, taking away the assets, is just so important.

Senator NUNN. So the jurisdictional aspects of RICO and the property seizure aspects and the forfeiture, those are the two main elements that RICO gives you?

Mr. AHEARN. In my opinion, sir.

Senator NUNN. Thank you.

Senator ROTH. Mr. Chairman, could I ask one further question?

Senator NUNN. Certainly.

Senator ROTH. Mr. Ahearn, I think you made some mention of the scope of the criminal conspiracy. To what extent does RICO help you prosecute individuals who are members of that conspiracy? For example, you had the two murders.

Let's say you had a soldier who was obviously a member of the family, what would you have to show to indict him under the RICO statute? Would it be enough to just show he is a member of the family?

Mr. AHEARN. No, sir, it would not. We would still have to prove individual acts on his part. But let me give you an example. In the Angiullo case, if we had been pursuing a RICO violation at the time, we know that we missed a lot of evidence that could have been gathered on money laundering activities and things of that nature which, because we were not pursuing RICO at the time, we could not monitor those conversations.

Senator ROTH. I would just like to follow with one more question, Mr. Chairman.

Senator NUNN. Go right ahead.

Senator ROTH. One of my concerns, and I am sure a concern of the other members of this panel, is how do we destroy the criminal syndicate or enterprise? We don't want to just put a few people behind bars. We want to eradicate the enterprise itself.

Does RICO go far enough in permitting you to prosecute those who are involved in the activity or do you think it could have a broader reach? Am I clear?

Mr. AHEARN. Yes, sir. You are very clear. In the experience that we have had in the last 10 years or so, I think the statute covers everything that I have tried to do and basically everything that we need to do.

Senator ROTH. Would you agree with that, Mr. Griffin?

Mr. GRIFFIN. Yes, sir.

Senator ROTH. Thank you, Mr. Chairman.

Senator NUNN. Go right ahead, Mr. Griffin.

Mr. GRIFFIN. Thank you.

To reiterate the point that we were discussing about the jurisdiction under RICO, before RICO the FBI could not investigate gangland murders. We had no jurisdiction whatsoever.

At the same time the Cleveland FBI was investigating a major narcotics operation involving still more Cleveland LCN figures. Court orders were obtained for electronic surveillance of the major figures involved and in January of 1983 Federal convictions were obtained for Cleveland LCN Boss Angelo "Big Ange" Lonardo, Capo Joseph C. Gallo, and associates Kevin J. McTaggart, Harmut Graewe and Frederick Graewe. One leading crime figure, Carmen P. Zagaria, cooperated and became a star witness, not only for this case but for other major Federal cases involving the LCN.

Eventually, the entire hierarchy of the LCN in Cleveland was convicted in these two cases. As these cases developed in the late 1970s and early 1980s, it soon became apparent that the widely accepted loyalty between the mob leaders was only a myth.

In 1983, Angelo Lonardo became the highest ranking LCN figure to become a Government witness against the mob, not only in Cleveland but in other parts of the Nation. To date his testimony has been devastating to LCN Families in New York, Chicago, Milwaukee and Kansas City and the information he has provided has given the FBI a unique insight into the inner structure of the LCN.

The threat of organized crime continues. The relationships between the families of the LCN are as strong as ever. With the conviction of the Cleveland LCN leadership, the vacuum was quickly filled by an acting boss, a former Consigliere or advisor for the Cleveland Family, John "Peanuts" Tronolone.

Based on testimony by Angelo Lonardo, Tronolone has been charged with RICO violations and is currently standing trial in New York City. The FBI recently convicted the last active made member of the Cleveland LCN Family for Federal narcotics violations. Even with the successful prosecution of the Cleveland Family, all it would take is one initiation ceremony to take in new members and the Cleveland family would be back in business once more.

When the pressure is relaxed and the attention of the Government is focused elsewhere, the LCN returns to its original structure and continues business as usual. The Cleveland Division of the FBI plans to vigorously pursue organized crime as a high investigative priority and to increase our emphasis on the investigation of LCN infiltration and control of labor unions through labor racketeering. We consider this criminal activity one of the most serious threats of our free society.

Mr. Chairman, this concludes my prepared remarks. I would now like to expand on the history and violence of the Cleveland LCN Family.

Senator NUNN. Thank you very much, Mr. Griffin.

Mr. Davenport, we are delighted to have you here, Special Agent-in-Charge of Field Division, Kansas City, Missouri. And I believe you also have Mr. Michael Shanahan.

Mr. Griffin, we will get your pictures. I did not mean to interrupt you. I missed that. We will get your pictures and then go to Mr. Davenport.

Mr. GRIFFIN. Okay. Mr. Chairman, I will be discussing two major RICO investigations. One was code named "Buzzmark" and the other "Gangmurs". Both of these cases were worked as a task force basis with assistance from the Cleveland Police Department Intelligence Squad, the Cuyahoga County Sheriff's Office, and the prosecutions were handled by the County Prosecutor's Office, as well as the U.S. Attorney and the Federal Strike Force.

This is a photograph of John Scalish, who for many years was boss of the Cleveland LCN Family. [See Exhibit No. 31a on p. 827.] He became boss in the mid-1940s. His health began to deteriorate in early 1965, causing him to be weakened as far as the leadership of the family. An individual by the name of Danny Greene, who was a west side mobster, decided to take him on. The first target of opportunity was the individual that ran the numbers operations for Licavoli on the east side, Shondor Burns. [See Exhibit No. 31b on p. 828.]

This is Shondor Burns' automobile that was blown up by Greene with Burns in it. [See Exhibit No. 31c on P. 829.] Greene ordered an associate, Keith Ritzen, to place a bomb in this vehicle and wire it to the ignition. Burns went to the car, entered it, turned the key and was blown to bits.

As a result of this murder, John Scalish ordered that Danny Greene be killed, and this caused a series of attempts on Greene's life, many of which were unsuccessful. The first occurred when Greene was stalked by a fellow by the name of Mike Frato, who was a close associate of Licavoli.

Frato followed Greene down to the Metropark in Cleveland where he was going to do some jogging. Frato waited until he had his jogging clothes on. He drove up to Greene, pulled a gun, shot at Greene. Greene pulled a .38 out of his jogging shorts and killed Frato. Greene later was tried and was acquitted for self-defense.

Another instance where they tried to kill Greene, an associate of Scalish by the name of Moe Craley placed a bomb on the front porch of Greene's house and on the back porch and then detonated the bombs. It totally destroyed the house. Greene happened to be up on the second floor with his girlfriend. He fell two stories, landed in the basement on top of a refrigerator, and walked away.

In 1976, John Scalish died of natural causes after heart surgery. At this point James Licavoli, who is pictured here on the left, took over as boss of the family. [See Exhibit No. 31d on p. 830.] He named as his underboss Leo "Lips" Moceri, who is depicted on the right here in this photograph.

At this point John Nardi, who was a nephew of the former boss of the family, joined forces with Greene in attempts to take over the criminal operations run by the Cleveland LCN Family. The killings and the attempts to kill really escalated after Nardi joined forces with Greene.

The next attempt was on the life of Alec Calabriese. They placed a bomb in Calabriese's vehicle, here again attaching it to the starter. Unfortunately, the next door neighbor, a totally innocent citizen, Frank Persio, was asked by Calibriese to move his car. Persio

got in the car, turned the ignition, and was blown to bits. [See Exhibit No. 31e on p. 831.]

The next instance of violence occurred when Greene decided to kill one of his associates, Enith Cernik, who was a member of the "Hell's Angels." [See Exhibit No. 31f on p. 832.] Cernik had been making bombs for Greene and Greene became fearful that he knew too much about this activities. So Greene ostensibly hired Cernik to make another bomb and to place another bomb in a car of a fellow by the name of John Del Zappo, who was a Licavoli associate.

However, before Cernik went to the car, Greene had Ritzen go to this vehicle, put a second battery in the car, in the trunk, and wire it to the frame of the car, thereby electrically charging that frame. So then Greene just drove Cernik and told him, that's the car I want you to put the bomb on, and then he drove away. Cernik got under the car, started to put the bomb on. Of course, when the wires hit, the bomb went off and killed him. That is the car, after the bombing.

In May of 1977 the Licavoli faction was finally able to kill John Nardi. This was the first time that they used what we call the "Trojan Horse" method where they load explosives and shrapnel in the side of the car, put a remote control device on that bomb, and they drove the bomb car in next to Nardi's car. [See Exhibit No. 31g on p. 833.] When Nardi exited the Teamster Hall where he was secretary-treasurer, started to get into his car, they detonated the bomb car and, of course, blowing Nardi to pieces. [See Exhibit No. 31h on p. 834.]

At this point we had an investigation going which we called "Gangmurs" and based on the evidence that we developed, we were able to place a microphone in the residence of James Licavoli's house. This was the first time that the LCN has been used as the establishment in fact in a RICO case in connection with this affidavit.

The microphone was in place for about a month and it gave us a lot of very valuable evidence which was later used at the trial of Licavoli and these others.

This is a photograph of a group which was called the "Carl Ferritto Gang." [See Exhibit No. 31i on p. 835.] The individual second from the right is Tony Liberatore. Liberatore was convicted back in 1937 for killing two Cleveland police officers. He was given a life sentence and in 1956 Governor John W. Brown, who was serving an 11-day term as mayor, commuted his sentence. And he was subsequently released.

Senator NUNN. Wait a minute. He was serving a term as mayor?

Mr. GRIFFIN. Governor.

Senator NUNN. Governor.

Mr. GRIFFIN. He was interim governor for 11 days and he commuted Liberatore's sentence, plus a number of other convicted murderers.

Liberatore made a lot of contacts with LCN while he was in the State Prison in Ohio. Using these contacts, he returned to the Cleveland area and became very active in the Laborers International Union. He eventually became president. In 1975, he was appointed by Ralph Perk, the Mayor of Cleveland, to the Cleveland Regional Sewer Board. Liberatore subsequently became involved in

the attempts to kill Danny Greene, was subsequently—after Greene was killed he was indicted, became a Federal fugitive, and was eventually was placed on the FBI's "Ten Most Wanted" list.

He was still a member of the Cleveland Regional Sewer Board. He was still getting his check through his wife and it was not until just prior to his arrest that they fired him from the Regional Sewer Board. So he was on the "Ten Most Wanted" list at the same time he was on the Regional Sewer Board.

This is Danny Greene. [See Exhibit No. 31j on p. 836.] Eventually, in October of 1977, they were able to successfully kill Danny Greene. Jimmy Fratiano was brought in by James Licavoli.

Fratiano was a member of the Los Angeles family and they were having such difficulty killing Greene—I think this is one of those headaches that Angelo Lonardo was talking about this morning—they were having such difficulty killing Greene that they needed outside help. So Fratiano hired Ray Ferritto, a hit man from Erie, Pennsylvania, to do the killing. And Liberatore also had a backup hit team in case the bomb did not go off.

Well, Ferritto and Ron Carabbia, a Youngstown hoodlum, placed another bomb in another vehicle in the side of the door. They determined through an illegal wiretap that Greene was going to have a dental appointment on this particular day. They waited until Greene went there and parked his car. Then they moved the bomb car in, the "Trojan Horse" car in. When Greene exited the dentist's office, they detonated the bomb killing him.

This is a photograph of the bomb car. [See Exhibit No. 31k on p. 837.] And in this photograph, you can see the bomb car on the left and Greene's car on the right and you can see the force of that explosion. That indentation was made by Greene's body.

At about this time, after Greene's death, Joe Gallo and Tommy Sinito, both of whom were Capos in the Cleveland LCN Family, decided that they must make peace with the west side faction, those that were left from the Danny Greene group, since they had already killed Greene and Nardi. So they made contact with Carmen Zagaria, who was a west side hoodlum that had been associated with Danny Greene.

They made peace and they decided to work together. However, Sinito and Gallo told Zagaria that Keith Ritzen had to go because he had just been indicted for narcotics, he had been the one responsible for killing Leo "Lips" Moceri, and they were afraid that he would become a Government witness.

This man was assigned to do the hit—Hans Graewe. [See Exhibit No. 311 on p. 838.] He and Carmen Zagaria took Ritzen under a ruse to Zagaria's fish store, down into the basement. When Ritzen was walking down the stairs, Hans shot him in the back of the head. They took the body, wrapped it in plastic, in chains, put it on a dolly and took it to a Volkswagen bus that they had. Hans used to laughingly refer to this as his ambulance.

Then they took the body to this lake where they dumped it. [See Exhibit No. 31m on p. 839.] Eventually Carmen Zagaria became a Government witness and he took us to this location and showed us exactly where they had thrown the body and as a result we were able to recover it. This was very important as far as the subsequent trials were concerned because this corroborated his testimony.

These are the Lorain County divers that are recovering the body. [See Exhibit No. 31n on p. 839.] This is his body being brought out and here the body is before the coroner took it. [See Exhibit No. 31o on p. 841.] This was very important because Zagaria had described how the body was wrapped and packaged before they threw it in the water, so this here again further corroborated his testimony. [See Exhibit No. 31p on p. 842.]

Another killing that took place was that of Joseph Giamo, who was a drug dealer from Florida that had been working with Zagaria. Zagaria was ordered by Gallo and Sinito to kill him and to rip off, to steal from him $600,000 worth of marijuana. Here again he was killed at the fish store and his body was plastered in a wall at the fish store and left there for about a year.

When we were getting close to Zagaria in connection with this investigation, he became very nervous and one night he and Hans Graewe took the body out of the wall and took it to a quarry called the Jakeway Quarry, which is on the outskirts of Cleveland. Now, this was in December and it was very cold and because the body had been in the wall for so long, it had—there was a lot of gas and it would not sink. So they went back into Cleveland, got two manhole covers from the street, took them back and tied them around the body. And Hans Graewe put an axe in Giamo's head and the body sank.

Here again, Zagaria told us exactly where the body was and we went there and recovered him. [See Exhibit No. 31q on p. 843.] This quarry, we found that this was a location used by individuals that are getting rid of automobiles, insurance frauds. There were hundreds of vehicles down here, including a Pepsi-Cola truck. Our divers, the only way they could tell if they were going up or down is the way their bubbles went. Eventually we had to bring in the Navy diving team from Norfolk to assist us in the thing. These are the Navy divers that helped us on the case. [See Exhibit No. 31r on p. 844.] This is the Giamo body being brought out of the water. [See Exhibit No. 31s on p. 845.]

Now, in connection with this case, this second case which we called "Buzzmark," we had installed in Gallo's office a microphone and a wiretap. Now, this was the first wiretap that was ever used by the FBI when Title 18 was not our jurisdiction. The basis of this wiretap was drugs.

As a result of this investigation Angelo Lonardo, Joseph Gallo, Hans Graewe, Frederick Graewe and Kevin McTaggart were indicted and subsequently convicted. All received life without parole with the exception of Frederick Graewe who received 22 years imprisonment.

"Buzzmark" had 25 additional Federal convictions and 20 State convictions. In 1983, based on Lonardo's sentence of life without parole plus 103 years consecutive, he decided to become a Government witness. Now, these slides show the violence over this period of time. [See Exhibit Nos. 31t, 31u, 31v, and 31w starting on p. 846] All of these killings were the result of a gang war between Greene and Licavoli in Cleveland and the Pittsburgh and Cleveland Family in Youngstown.

This chart depicts the members of the Cleveland Family that have been convicted in connection with these two cases. Since this

chart was prepared Joseph Iacobucci on the bottom has been arrested and convicted on Federal narcotics charges and is awaiting trial. [See Exhibit No. 31x on p. 850.]

Subsequent to Lonardo's turning, we interviewed him extensively as far as what associates would he make if he was still boss of the family and we targeted these individuals and this chart depicts those in that category that we have convicted in this case and other cases. [See Exhibit No. 31y on p. 851.]

The Cleveland Division has enjoyed tremendous success over the last 10 years because of its singular commitment to this pervasive and continued problem. The Division's continued vigilance and utilization of innovative approaches, coupled with aggressive Federal and County prosecutors have without question impacted materially on the LCN's Cleveland ability to conduct business as usual.

As I noted earlier, these investigations were conducted on a strike force basis with the Cleveland Police Department intelligence squad and the Sheriff's Department intelligence squad. And we received outstanding support from the prosecutive side, from the strike force, and the County prosecutor, John T. Cord in Cleveland.

Thank you, Mr. Chairman.

Senator NUNN. Thank you very much, Mr. Griffin for your very interesting testimony, it was very helpful.

Mr. Davenport, I have already introduced you, so why don't you go ahead.

**TESTIMONY OF ROBERT B. DAVENPORT, SPECIAL AGENT-IN-CHARGE, FEDERAL BUREAU OF INVESTIGATION, FIELD DIVISION, KANSAS CITY, MO,[1] ACCOMPANIED BY MICHAEL SHANAHAN, SUPERVISORY SPECIAL AGENT**

Mr. DAVENPORT. Thank you, Mr. Chairman.

It is a privilege to appear before you today representing the Kansas City FBI Office. For more than 50 years Kansas City has been plagued by organized crime activity and, regrettably, this activity continues today despite successful prosecution of Kansas City mob figures in recent years.

The Kansas City organized crime family, which is commonly called the "Outfit," has traditionally been involved in a multitude of criminal activities—bootlegging, gambling, prostitution, loansharking, labor racketeering and murder. More than 50 murders or attempted murders were attributed to the Kansas City mob between 1940 and 1978.

Senator CHILES. I didn't hear you say narcotics.

Mr. DAVENPORT. No, sir. Not at that time, sir.

Only one of those murders was solved and no member of the "Outfit" was ever charged with a gangland slaying. A series of bombings and murders in the 1970s caused law enforcement to step up our efforts to attack the pervasive organized crime threat to our community.

In April, 1978, an investigation was launched by the FBI in cooperation with the Kansas City, Missouri, Police Department, the In-

[1] See p. 592 for Mr. Davenport's prepared statement.

ternal Revenue Service, and Department of Justice Strike Force attorneys, focusing on unsolved murders and contract killers.

Federal court-authorized electronic surveillance provided virtual daily coverage of the Kansas City Outfit from May, 1978, through February, 1979. This case, designated the "Strawman" investigation, resulted in one of the most successful and far-reaching organized crime investigations in FBI history.

After years of frustration by law enforcement, top leaders of the Kansas City LCN family, brothers Nick and Carl Civella, were convicted and sentenced to lengthy prison terms. In addition, organized crime leaders and their henchmen in Chicago, Cleveland, Milwaukee and Las Vegas—a total of 19 LCN members and associates in all—were convicted in three lengthy Federal court trials in Kansas City between 1980 and 1986.

The Strawman investigation laid bare the structure of organized crime and the mob's corrupt influence on Las Vegas and the Teamsters Union. Intercepted conversations of mob figures provided concrete evidence of the LCN's hidden ownership in the Tropicana Hotel in Las Vegas and the skimming or concealing of gambling proceeds averaging $150,000 per month from the casino.

This case was aptly code named "Strawman" because of the mob's concealed ownership of Las Vegas casinos by Kansas City, Chicago, and Cleveland LCN families. The investigation also revealed LCN efforts to expand their interest in the Argent Corporation, which was the owner of several other Las Vegas hotels and casinos.

In February 1979, search warrants served in Kansas City resulted in the seizure of an $80,000 skim package being delivered to Kansas City from Las Vegas by an LCN courier. Seized records documented meetings between Kansas City LCN members and LCN members in other cities.

The records detailed how the skim money from Las Vegas was distributed between Kansas City, Chicago and Cleveland families, and also showed that additional skim money was given to Teamsters official Roy Lee Williams of Kansas City, who was later elected President of the International Brotherhood of Teamsters.

Eight convictions resulted from the lengthy Strawman trial in 1983, including the top Kansas City LCN leaders, their Las Vegas representatives and skim couriers, and all received lengthy prison terms.

The second phase of the Strawman case, the Argent Corporation investigation, resulted in convictions in January, 1986, of Chicago LCN boss Joseph Aiuppa, Milwaukee boss, Frank Balistrieri, Cleveland LCN representative Milton Rockman, and the entire Kansas City leadership and their Las Vegas representatives.

There is no doubt that the Strawman case struck a major blow against organized crime, destroying the rank and file of the Kansas City, Chicago, Milwaukee and Cleveland families. Most of those convicted in the Strawman case are still in prison.

An interesting note is the fact that this Subcommittee's use of Strawman evidence led to a criminal contempt of Congress prosecution when Kansas City LCN member William Cammisano, Senior, after being granted immunity steadfastly refused to answer questions posed by this Committee in 1980. Cammisano served a 2-year

prison term, was released and he is back in Kansas City today as the boss of the LCN family.

The war against organized crime goes on in Kansas City. Traditional LCN activities continue, but under new leadership. Mob control gambling is pervasive. There is evidence the LCN is moving into the construction industry, pornography, and highly profitable drug trafficking. The mob is also trying to regain a stronghold in the Teamsters Local 41.

But in spite of our successes, we cannot let up the pressure. We will continue to use the tools and techniques that have proven to be effective—electronic surveillance, the RICO statute, high-level informants and continued cooperation between Federal and local authorities. We cannot afford to become complacent in our victories.

Mr. Chairman, this concludes my prepared remarks.

Supervisor Shanahan will now give a brief overview of the Kansas City LCN activities during the past 10 years, Mr. Chairman.

Senator NUNN. So Mr. Cammisano is back in charge?

Mr. DAVENPORT. Yes, sir, that is correct.

Mr. SHANAHAN. Senators, the two focal points of the Kansas City investigation of Strawman and Argent concerned itself with the domination control of Las Vegas gambling casinos by the LCN, namely through the personality and perseverance of one individual, Nick Civella.

The Civella family established itself in the early 1950s as the controlling element of the LCN faction, continued such until his death in 1983. When you take that in perspective and go back to the associations that he developed in Kansas City, namely with labor leaders, namely Roy Lee Williams, everything comes into perspective as to what happens approximately 25, 30 years later.

What does happen is that the Argent and the Strawman investigations is the result of a pattern of homicide activity by the LCN in Kansas City. The local law enforcement was having—the Kansas City Police Department—was having little success in identifying the perpetrators. Informant information was coming forward that continuing in this pattern, a hit, a homicide would occur sometime in the very near future of April 1978.

As a result of that information, probable cause was developed, coverage was initiated, and in fact a hit did take place on a rival faction, not dissimilar from other cities where Mr. Civella's power base was being threatened. That having been achieved and Mr. Civella's ability to continue on through his association with Roy Lee Williams gave him the strength which he needed in Las Vegas and henceforth the skimming operation that began there.

As a result of the Title 3 coverage initiated in 1978, it continued until February 14, 1979, at which time the Kansas City Office executed search warrants on the various residences and establishments known to be frequented by the LCN. As a result of that, and primarily upon the accounting maintained by one Carl "Tuffy" DeLuna, we were able to piece together significant evidence documenting this particular accounting and distribution of the skim coming out of Las Vegas and into the cities as mentioned before—Cleveland, Milwaukee and Chicago.

Senator NUNN. How much skim money were you able to identify coming out on an annual basis?

Mr. SHANAHAN. On an annual basis there is no specific amount. However, on the particular date in question, February 14, 1979, the courier, Carl Caruso, was carrying $80,000 which represented, "two sandwiches," two sandwiches being 2 months payment, which was an $80,000 package. That is intercepted at the airport when he was stopped and confronted with a search warrant.

Senator NUNN. Do you think there is a lot more than that going on in terms of Las Vegas skimming? Is that just one part of the operation? Do you think there is more? Or is this the only evidence you have?

Mr. SHANAHAN. As far as now or then?

Senator NUNN. Either one, or both.

Mr. SHANAHAN. Okay. I will take the first one.

Senator NUNN. That looks like about—if 2 months is $80,000, you are talking about what? $500,000 a year?

Mr. SHANAHAN. That was the Kansas City faction. That is what they were getting and that was the controlling factor, I would say, at that point. We have no documentation indicating more than that or other participation by say other families or whatever.

Senator NUNN. We have heard testimony from Mr. Lonardo this morning that Kansas City got payoffs and I believe Chicago, Cleveland, and I believe one other town also received payoffs.

Mr. SHANAHAN. Right.

Senator NUNN. So you are talking about just one family when you are talking about $80,000?

Mr. SHANAHAN. Basically, yes, sir, that is correct.

Senator GLENN. Could I ask a question on that?

Senator NUNN. Senator Glenn?

Senator GLENN. Just one question. Is this customary? The numbers that we talked about with Lonardo this morning I thought were fairly low compared to what had always been my impression of this thing. In the write-up in Cleveland Magazine back in 1978, for instance, they talk about Big Al Polizzi leaving because he had earned upwards of $100 million through control of gambling clubs and slot machines. That is a far cry from what we are talking about here this morning.

Who is right? Is there hundreds of millions of dollars involved in this or are we skimming $40,000 and splitting it up 10 ways and they are getting $1,000 or $1,500 a month, which isn't much compared to what I have always thought was what they are doing.

Mr. SHANAHAN. I can cite an example in response to that. With regard to the Argent Corporation, when they attempted a takeover of Alan Glick Enterprises, the Argent Corporation by the various factions in Milwaukee, Kansas City and Chicago, his sons, Frank Balistrieri's sons, were written into the contract for a purchase price of that—should they be able to procure a loan from the Teamsters—for the purchase price of $25,000. The actual value of the property at that time was $62.5 million. That is something for nothing and I think that enhances the monetary gains or whatever that you are looking for. I assume that is some type of answer to that question.

As far as the actual skim, we just know what we had, one portion thereof. That isn't to say that there was not other coming out at other times that we did not detect. But this on this specific date. It was, you know, the grab, or the opportunity that we were presented with and we seized it.

Senator ROTH [presiding]. Mr. Ahearn?

Mr. AHEARN. Senator, just to add to that, during the Angiullo operation we have evidence just in one small segment of their illegal gambling operation, the numbers operation, that they were gaining $30,000 per day. And that does not include sports bookmaking or any other illegal gambling activity they were involved in, just the numbers operation. So you can let your imagination run wild with you on numbers there.

Thank you, sir.

Mr. GRIFFIN. Senator, in regard to Cleveland, at the Zagaria trial, the trial that Lonardo was convicted in, we presented evidence that Zagaria was bringing in about $15 million worth of drugs every year. This operation was being financed by Lonardo through Gallo and Sinito. So you can imagine the profit coming from $15 million worth of drugs.

Senator ROTH. Will you please proceed with the testimony.

Mr. SHANAHAN. As a result of the Title 3 coverage that was afforded in the Strawman/Argent cases, we were able to, if you will make reference to that chart on the floor, we in Kansas City itself, as a result of the Strawman investigation, were essentially able to knock out the eight higher echelon members of the LCN in Kansas City.

In conjunction with that, on the Argent phase, which was the attempt to gain control of Alan Glick Enterprises, that too led to 15 indictments and 13 convictions, which took out, in essence, the control of the Cleveland, Milwaukee, Chicago and Kansas City families.

The result of all this was to leave a void and that is where we are basically today, with the situation which gave rise to having removed these people from the hierarchy, the lower echelon has now risen to the top. This is to say that organized crime continues to march on in Kansas City. It has not stopped. We do not anticipate that it will stop. The fight continues and that is where we are today.

That is basically it with regard to Argent and Strawman.

Senator NUNN. Thank you very much.

We have a number of questions. We also have a vote, another witness, and we are running into hearings that we have got this afternoon. So rather than take more of your time with questions, we will ask you if you would cooperate in answering questions for the record. We have a number for each of you, but we will try to cut them down to a manageable size because I know that you have got enough paperwork without this.

Let me say that your testimony has been very interesting and very helpful. We are very proud of what the FBI and the Justice Department are doing in this area. We think that you have made a lot of progress. We have a long way to go. No one is declaring victory. We know that you have got continuing problems and it is a continuing battle.

We hope to cooperate in every way we can from the legislative point of view and we thank you and hope you will in turn thank your agents who are working on these problems on behalf of the American people.

Thank you.

Our final witness today will be the representatives from the Pennsylvania Crime Commission, Mr. James H. Manning, Jr., Commissioner of the Pennsylvania Crime Commission, Mr. Frederick T. Martens, Executive Director, Pennsylvania Crime Commission.

We will be about 10 minutes in getting back from the vote that has now come.

Let me just make an announcement. On Thursday of next week—Thursday, April 21—we will continue these hearings. We will have a panel from the State of New Jersey Commission of Investigation; and we will also have the Director of the State of New York Organized Crime Task Force and we will have a witness representing one of the most active La Cosa Nostra families in New York City.

So next Thursday we will resume these hearings and we will be back in approximately 10 minutes to complete the hearing today.

[Brief recess.]

Senator NUNN. The Subcommittee will come to order.

Mr. Manning, Mr. Martens, we are delighted to have both of you here today. I will let you introduce your associates and then I am going to ask each of you that will testify to hold up your right hand and we will swear you in.

But if you could introduce the people with you, Mr. Manning, we would be delighted.

**TESTIMONY OF JAMES H. MANNING, JR., COMMISSIONER, PENNSYLVANIA CRIME COMMISSION,[1] ACCOMPANIED BY FREDERICK T. MARTENS, EXECUTIVE DIRECTOR, ALAN BAILEY, CHIEF COUNSEL, WILLIE BYRD, DIRECTOR OF INVESTIGATIONS, AND GINO L. LAZZARI, INSPECTOR**

Mr. MANNING. That would be fine, Mr. Chairman. On my right is Fred Martens, our Executive Director of the Pennsylvania Crime Commission, and to my far right is Alan Bailey, who is Chief Counsel for the Pennsylvania Crime Commission. First, on my left is Willie Byrd, who is our Director of Investigations, and on my far left, Gino Lazzari, who is an Inspector with the Pennsylvania Crime Commission.

Senator NUNN. Fine. Will all of you be testifying?

Mr. MANNING. Just myself and Mr. Martens.

Senator NUNN. All right. If you two would stand, as we swear in all our witnesses before the Subcommittee.

Do you swear the testimony you give will be the truth, the whole truth, and nothing but the truth so help you God?

Mr. MANNING. I do.

Mr. MARTENS. I do.

Senator NUNN. First, let me thank all of you for being here, and second, apologize for the late hour. I know you have been sitting

[1] See p. 623 for Mr. Manning's prepared statement.

here very patiently most of the day. We never know how long these hearings are going to go, but this one has lasted longer than we thought. But we would be delighted to receive your testimony.

I understand you are going to summarize it and we will put the entire statement in the record without objection and be pleased to get your testimony and then we will have some questions.

Mr. MANNING. Yes, sir. If that will please the Subcommittee, we are prepared to proceed that way.

I would like to say that we thank the Chairman and the Subcommittee for allowing us to appear. I think our appearance is symbolic in the sense that it represents dialogue between this Committee and a state agency. It all represents dialogue in a formal way, but I think it also is good that we informally dialogue with the Federal authorities as well as state authorities.

Also, I think it is symbolic in the sense that it represents the cooperation that we need and must have in law enforcement agencies, both State, Federal and local, if we are to be successful in defending against organized crime.

I would like to say that the Pennsylvania Crime Commission has submitted a statement to this body and we are willing to stand on that statement. We also have provided the Subcommittee with a copy of our annual report and I would like to say two things before we take any questions.

Because we are charged to report to the legislature on an annual basis on the state of organized crime in the State of Pennsylvania—we have looked at both the traditional, the LCN operations, and also the emerging nontraditional groups, the Asians, the Jamaicans, the Blacks and the Hispanics. And I would make that note in comment and unless Mr. Martens has a statement, we would accept your questions and answers.

Senator NUNN. Mr. Martens, would you like to make any statement before we begin with questions?

Mr. MARTENS. No, not necessarily.

Senator NUNN. Senator Roth has been coming in second on the questioning today and I will ask him to lead off and then I will followup.

Senator ROTH. Thank you, Mr. Chairman.

In your prepared testimony, you discuss in some detail the cocaine market in Philadelphia being saturated. In your prepared testimony, you also talk about narcotics or drug trafficking on the part of organized crime.

This is somewhat in conflict with some of the testimony we have heard that the families really do not like to get involved in drugs, that it is traditionally contrary to their practice. Would you like to explain this conflict?

Mr. MARTENS. Yes. Let me take that question, Senator.

First of all, I do not believe it. I think the history clearly demonstrates that the La Cosa Nostra has been involved in heroin trafficking going back to the 1940s and 1950s. In fact, it was the LCN that basically had a monopoly on heroin that came from Europe to the United States. So I think it is somewhat of a self-serving statement and erroneous historically.

If you were to do an analysis of your major organized crime LCN-type people who have been convicted over the last 20 years or

so, you will find that a significant number of those individuals have been charged and/or convicted of narcotics trafficking. I see one chart over there, your biggest chart, that represents the Vito Genovese crime family. Well, the fact of the matter is that Vito Genovese served time in prison and died in prison. He was convicted on a narcotics violation.

So I think it is historically incorrect when that statement is made. It sounds to me like good public relations as opposed to reality.

Senator ROTH. Let me follow up with one question. In your testimony, you made reference to the large amount of cocaine that is now available in the Philadelphia area. Is this in any way controlled, regulated, or participated in by the local LCN family?

Mr. MARTENS. Well, I think we want to be, again, somewhat more clear. When we say, is it controlled by organized crime or are there organized crime elements involved? I think the answer is yes. Is it controlled by La Cosa Nostra? The answer is no.

What we have demonstrated, I feel, in our statement as well as our annual report is that organized crime is not synonymous with La Cosa Nostra. There are a variety of ethnic groups—and nonethnic groups I might add—that are involved in organized criminal activity. And as we point out in our testimony, there are Hispanic elements involved in narcotics trafficking. There are black criminal organizations that are also involved; Asian criminal organizations; motorcycle gangs and a variety of organized criminal groups that basically are involved in the cocaine rackets.

Senator ROTH. As you know, I come from Delaware and, of course, that is very close to Philadelphia. I wonder if either of you gentlemen could testify as to what extent you think there is organized crime activity in my own State of Delaware?

Mr. MANNING. With all due respect, Senator, we are a Commission for Pennsylvania. But I can tell you in the city of Chester, which is close to your State and Wilmington, Chester certainly is considered by us—and our agents have investigated and we have informants in that area—Chester is a center, at least for the southeastern corner of Pennsylvania, for cocaine trafficking and other drugs.

The distribution is widespread and fairly open and people come as far as way as Wilmington and other parts of that area to purchase drugs for two reasons. One, it is easy to purchase, the quality is fairly good, and it is fairly reasonable.

So, I cannot speak to the situation of organized crime in Delaware, but I know that certainly it is affected by it simply because of its proximity to, well, in this case, Chester and Philadelphia.

Senator ROTH. Earlier, you mentioned these emerging criminal groups, including the various Asian groups and the motorcycle gangs. Which of these organizations are most directly involved in cocaine trafficking?

Mr. MANNING. Well, I guess we both have opinions. Let me first give you my response. I think the emerging groups that we have looked at in Pennsylvania, to some extent I think the obsession, the concentration and focus on the elimination of the LCN by Federal authorities is obviously very good. But I think one of the impli-

cations of that is that there has been less control of other emerging groups because of that.

I am thinking now in terms of the failure to collect and levy street tax on emerging criminal organizations. As a result, in my opinion, I think you have a situation in parts of the Commonwealth where drug dealers are really entrepreneurs. They could be Jamaican. They could be Asian. They could be Cubans. They are people who are trying to profit in a situation that is open at the moment and I do not really think there are any controls in terms of one group controlling the market. I think it is a wide open market now.

What happens is, for instance, blacks carve out certain areas of Philadelphia, west or north Philadelphia. Jamaicans will also be operating in those same areas. And as a result, something has to give. Someone has to be in control, and we expect that we could see some bloody interactions because it is so wide open. And I would dare to say that that is happening in Philadelphia, but I would think it is happening in a lot of other places.

Senator ROTH. Are you saying that, by concentrating on the LCN, we have opened the door to other groups?

Mr. MANNING. I do not mean to make that a negative. I think that is very good. Let me say that, first of all.

Senator ROTH. Sure.

Mr. MANNING. But I think one of the impacts of that has been that the LCN has somewhat of a different problem today than it had 10 years ago. We have indicted—between 1983 and 1986 we indicted 16 of the 24 leaders of the LCN and we have had over 700 wiretaps during that period of time.

My point is that they are not the power on the street that they once were because leaders have gone, there has been internal struggles, and it has taken their attention off some other businesses. As a result, I think it is a little easier for an entrepreneur in drugs to operate in certain parts of the City of Philadelphia and elsewhere in the Commonwealth.

Senator ROTH. Mr. Martens, would you care to comment?

Mr. MARTENS. I agree 100 percent with the Commissioner, not just because he is my boss but because it is factual, I might add.

I think that what Commissioner Manning is pointing out is that these entrepreneurs are taking advantage of an opportunity that now exists. There is a void in a sense, in the ability to control like the LCN perhaps once was able to do.

Senator ROTH. To what extent is the LCN family in Philadelphia involved with the casinos in Atlantic City?

Mr. MARTENS. That is a loaded one, isn't it? I come from New Jersey and I would say that they are not involved in actual control of casinos.

Are they involved in certain ancillary industries? Yes, they have been proven to be involved in those industries.

Senator ROTH. Would you name those?

Mr. MARTENS. I would rather not. I will give you one example of a local union. Local 54, the Hotel and Restaurant Workers Union. The Scarfo LCN family was involved and New Jersey was very effective in having the leader, Frank Gerace, of that union basically removed.

There are other instances where organized crime members have taken advantage of that particular industry in terms of perhaps complimentary services that that industry extended to members of organized crime, which again have been highlighted by New Jersey authorities.

Actual ownership of the casinos, I think we can be fairly safe in saying that that has not been demonstrated and where it has, New Jersey has taken action.

Senator ROTH. What about skimming off funds, either through unions or the casinos; is that a significant problem? We had very extensive hearings, incidentally, in this Subcommittee several years ago on the hotel workers. Currently, is there substantial skimming taking place?

Mr. MARTENS. Let me answer that by saying it has not been demonstrated in the Atlantic City casinos as far as I can see.

Senator ROTH. Mr. Manning?

Mr. MANNING. No comment.

Senator ROTH. One further question, Mr. Chairman.

In your prepared testimony you mentioned the problem of public corruption where the Philadelphia LCN family had gotten involved, as I recall, in the construction industry, requiring certain payments to be made by developers to public officials and to members of organized crime.

How widespread is this problem of public officials' corruption and to what extent has organized crime taken over, infiltrated or otherwise influenced legitimate businesses?

Mr. MARTENS. If we look at New York, they just recently—in fact, next week you will have Ron Goldstock here to testify with regards to the New York construction industry in which they have developed significant pieces of evidence relative to the mob's involvement there.

In Philadelphia, the case I suspect you are referring to, Ed Dennis will be able to comment on next week. But in that particular case you have got a mob boss, Nicodemo Scarfo, who was seeking to levy, through Leland Beloff, a $1 million bribe. That is unusual in the sense that it is almost unheard of for a mob boss to get involved at that level and basically make himself that vulnerable.

As far as their involvement in legitimate business, it is there. It has been there for the past 20, 30, 40 years and I suspect it will continue to be there until law enforcement begins—or continues, I should say—to use the RICO law effectively.

Senator ROTH. Mr. Chairman, thank you.

Senator NUNN. Thank you very much, Senator Roth.

What has your Commission—Mr. Manning or Mr. Martens, or both—what has your Commission noticed in terms of trends among the La Cosa Nostra since the Valachi days? Are we going to see a different kind of La Cosa Nostra in the post-Valachi, I suppose to take it down to Pennsylvania, the post-Angelo Bruno period?

Mr. MANNING. I guess both of us will comment, but let me give you my impressions first. I think, yes, you will see a different LCN, somewhat out of necessity. You have to remember, under the old system the bosses moved up rather slowly and over a period of years and they reached their positions after a great deal of experience.

Because of the indictments, once again, during the 1980s you lost a lot of that leadership and even though it is in jail, or some of it is in jail, that vacuum has to be filled by a lot younger members and I think maybe not quite as patient.

So I think you are going to see more violence, maybe less discriminating violence, probably less loyalty because now the alliances will be centered within the organization in terms of money and profit and not necessarily because of an oath or because of past loyalties, which leaves for a very volatile, unstable sort of organization, like the Philadelphia mob.

Senator NUNN. It sounds to me as if you are saying that the organized crime group we have known as La Cosa Nostra, as they move to younger members, may behave more like the emerging organized crime groups which are coming up with less discipline and less formality, less structure, but many times more violence and less stability.

Mr. MANNING. And more indiscriminate violence. I think that the reason for that is, if you look at the Philadelphia history under Angelo Bruno for the 20 years that he was in charge, there were certainly assassinations but they were very selective and they were very business oriented.

If you look at the 5 to 6 years that Nicodemo Scarfo has been in charge, we have had at least 30 gangland killings, or related therein, and in my humble opinion—maybe not the opinion of this Commission—that may have been one factor that was probably his Achilles heel, the use of violence so indiscriminately against his own membership.

I think that is a good example of that and I think we will see more of that.

Senator NUNN. Mr. Martens, do you want to comment on that?

Mr. MARTENS. Well, I agree again, wholeheartedly, with the Commissioner. If you look at Nicky's reign, which was what I would consider a fairly unstable reign, he spent about half of his time as the boss in jail and the other half was spent defending himself against indictments.

The fact of the matter is that Nicky has been a fairly unsuccessful boss. Angelo Bruno recognized that in 1963 when he banished him to Atlantic City. He did not have it then, and I think that as Commissioner Manning points out, the younger people do not seem to have the stability that the Angelo Bruno's brought to the operations of their families.

Mr. MANNING. I might also add, too, that in terms of stability, the younger organized type, at least in Pennsylvania, that we have looked at—the Jamaicans and some of the blacks—they demonstrate some of the same traits; the use of violence, very well. For instance, the Jamaicans in Philadelphia recently assassinated two brothers who were 12 and 15.

That kind of violence you do not need, and most of the violence that comes from that group of what we call non-traditional groups, is kind of irrational and is non-selective. You get a lot of bad publicity as a result of that.

Senator NUNN. When you say "you," you mean the——

Mr. MANNING. Looking at the groups that we have looked at and looking at the LCN in Philadelphia, they have some traits in

common and if I could use a word, they are cowboys to some extent.

Senator NUNN. Does that make it tougher on law enforcement or does it make it somewhat easier in terms of prosecutions?

Mr. MANNING. I think it makes it—well, it gives you more opportunities.

Senator NUNN. The more dangerous to the community, the more opportunities?

Mr. MANNING. Yes. I was going to say, we may have more opportunities but I think the public is at greater risk than perhaps under an Angelo Bruno or some of the older dons where they were just not at risk.

Senator NUNN. Wouldn't it be likely that there would be less community—any kind—I do not know whether there has ever been community support for what we call traditional organized crime. We have had it described here this morning by some of the FBI as certain neighborhoods had a large degree of community support and notification when law enforcement was in the community and so forth.

Is that kind of random violence, that kind cowboy behavior, likely to lead to more public alienation, particularly when innocent people are getting killed?

Mr. MANNING. I think so. It think in this case that I cite, the two brothers who were killed by the Jamaicans, that instilled in the local police, because of the public outcry, a determination to apprehend these individuals as quickly as they could. They have not done that but they have identified the individuals as of this week and that in itself is a very difficult task because these people do not have surnames. They are JP and JR and they could be from New York, they could be from Lancaster. But they have made a concerted effort and I have noticed that the press has followed it up. And I think the reason is the public is outraged.

Senator NUNN. Have you seen any trend in Pennsylvania for different groups to work together, like traditional organized, La Cosa Nostra, working with any of the emerging groups, or like emerging groups having any kind of either formal or defacto relationships with each other?

Mr. MARTENS. Yes. In fact just recently we came across a group in Philadelphia called the Junior Black Mafia that has been meeting with the son of a member of the Scarfo family, Joey Merlino, in terms of cocaine trafficking endeavors. So we are beginning to see some type of interaction.

Generally, that is not the case. We have found individuals from different crime families working together. For instance, William D'Elia, who is the current surrogate for Bufalino, Russell Bufalino, in the northeastern part of the State is working both in Philadelphia and out in Pittsburgh with members of the Pittsburgh crime family, which was the old LaRocca family, and the Scarfo crime family in Philadelphia.

So we find interaction both within LCN activity within the families and also groups outside, such as this Junior Black Mafia.

Senator NUNN. What about legitimate businesses being controlled by organized crime, traditional La Cosa Nostra or organized

crime. Do you have many legitimate businesses that they have penetrated in the State of Pennsylvania that you can identify?

Mr. MANNING. I would not like to comment on that, Senator, for fear of tarring or——

Senator NUNN. I will not ask you which ones. Let me just ask you in a general sense, is that a significant problem, the control of certain legitimate businesses by organized criminals?

Mr. MARTENS. Certain industries have a higher proclivity, perhaps, towards it.

Senator NUNN. And you prefer not to name them because I am sure that there are exceptions within every industry.

Mr. MARTENS. Yes, exactly.

Senator NUNN. Could you give us your impression of what the major sources of revenue are from traditional organized crime in Pennsylvania?

Mr. MANNING. I guess we both can answer that. From my point of view, from what I have seen in Pennsylvania, Mr. Chairman—and you speculate when you say which is first, you cannot do that—but certainly narcotics is a big money maker for LCN and non-traditional groups; gambling probably is very high; and loansharking is up there.

From my point of view, I would think those would be basic markets.

Senator NUNN. I have a 5 minute vote warning up there, so I think we are being called to a halt here. We thank you so much for being here.

I would ask you one other question, though, that I think is essential. What kind of cooperation do we have between our Federal law enforcement authorities, your Commission, and your impression of the cooperation between Federal and State law enforcement?

Mr. MANNING. Well, for the Commonwealth, I think it is excellent between local authorities, Philadelphia Police, the U.S. Attorneys Office in Philadelphia with the Commission, and the U.S. Attorneys Office in the Western District of Pennsylvania, and the Federal Strike Force, also, in Philadelphia.

The cooperation and exchange is there and we really have no complaints about that. We think it is working well.

Senator NUNN. Are you more hopeful, Mr. Manning, or less hopeful than you were in terms of law enforcement effectively combatting organized criminal activity than you were say 2 or 3 years ago?

Mr. MANNING. I am more hopeful, and for several reasons. I think the statistics indicate that over the last 10 years—and I am a former prosecutor myself and left the U.S. Attorneys Office in 1977. RICO was on the books in 1968 and we did not know what it was until the Justice Department came out with a manual on how to use it.

When I look at the 5,000 indictments for organized crime in 1985, I am truly amazed. I think we are headed in the right direction. It will take a Herculean effort, but I think the thing that bothers me most is that when we look at detection, apprehension, and prosecution, we focus on that and we focus on that almost entirely.

Organized crime, whether it be traditional or non-traditional, serves a basic supply side need. Whether that need is legal or ille-

gal really does not matter to the people who want that service, and we do very little to really educate in a way that would perhaps allow people to more intelligently select what they need and what they do not need.

Senator NUNN. I agree completely, a good point to close on.

Thank you all for being here. We appreciate your cooperation and your good work on behalf of law enforcement.

Mr. MANNING. Thank you.

Mr. MARTENS. Thank you.

Senator NUNN. The hearings will resume next Thursday.

[Whereupon, at 1:55 p.m., the Subcommittee adjourned subject to the call of the Chair.]

# ORGANIZED CRIME: 25 YEARS AFTER VALACHI

THURSDAY, APRIL 21, 1988

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 9:35 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Sam Nunn, Chairman of the Subcommittee, presiding.

Present: Senator Nunn.

Staff present: Eleanor J. Hill, Chief Counsel; John F. Sopko, Deputy Chief Counsel; Harriet J. McFaul, Counsel; Richard A. Dill, Detailee/FBI; Leonard A. Willis, Investigator; Kathleen A. Dias, Executive Assistant to the Chief Counsel; Mary D. Robertson, Chief Clerk; Declan Cashman, Secretary; Harold B. Lippman, Investigator; Marilyn H. Munson, Secretary; Barbara Kammerman, Minority Deputy Chief Counsel; Stephen Levin, Counsel; Steve Ryan (Senator Glenn); Rosemary Warren (Senator Sasser); Marianne McGettigan (Senator Rudman); and Sean McAvoy (Senator Cohen).

## OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. The Subcommittee will come to order.

This morning the Permanent Subcommittee on Investigations begins a third day of hearings on the status of organized crime in America. Last week we heard from the FBI, the Department of Justice, the General Accounting Office, the Pennsylvania Crime Commission and two former members of La Cosa Nostra—Tommasso Buscetta, a member of the Porto Nuovo Family of Palermo, Sicily, and Angelo Lonardo, the former underboss of the Cleveland LCN Family.

Today's testimony will focus on the status of organized crime activity in the northeastern United States, particularly the New York/New Jersey area. We will hear from James Zazzali, former Attorney General of the State of New Jersey, presently the Commissioner of the State of New Jersey Commission of Investigation. We will also hear from Mr. Ronald Goldstock, Director of the New York Organized Crime Task Force.

The Subcommittee had previously announced a third witness for today's hearing. Due to unforeseen circumstances, that witness, a member of one of the most active La Cosa Nostra families in New York City, will not be appearing before us today. We have, however, rescheduled that witness to appear and testify on Friday, April 29, beginning at 9:30 a.m. and we will announce the location of

that hearing next week. It may be in this room or it may be in the Hart Building, the main hearing room.

We will go ahead this morning. I think one of our witnesses is not here yet, but we have other testimony. We will go ahead.

Mr. Goldstock, we are delighted to have you, if you will come up. If you would like any of your associates to come with you, we would be glad to have them.

We swear in all the witnesses before our Subcommittee. We appreciate you being here with us and we are delighted to have you. We will ask you to take the oath.

Do you swear the testimony you give before this Subcommittee will be the truth, the whole truth and nothing but the truth so help you God?

Mr. GOLDSTOCK. I do.

Senator NUNN. We thank you for being with us and we thank you for the good work of the New York Organized Crime Task Force. We appreciate your splendid cooperation in assisting us on our work thus far and we look forward to your testimony this morning.

## TESTIMONY OF RONALD GOLDSTOCK, DIRECTOR, STATE OF NEW YORK ORGANIZED CRIME TASK FORCE

Mr. GOLDSTOCK. Thank you very much. As you know, I have a prepared statement which I ask be submitted for the record.[1]

Senator NUNN. Without objection, the entire statement will be part of our record.

Mr. GOLDSTOCK. What I'd like to do in the next few minutes is to try and summarize the statement and emphasize the points that I think are probably most relevant to the Committee and its work.

I thank you for inviting me here today. It is a pleasure because I think the work of this Subcommittee is extraordinarily important and helpful in dealing with the problem of organized crime.

I was asked by the staff to address four issues in my testimony: The reason for the recent successes against organized crime, the challenges that lie ahead, the approach to the problem that the New York State Organized Crime Task Force has taken, and the appropriate role of the Federal Government vis-a-vis State and local authorities.

It seems to me that the recent successes can be attributed to a combination of both historical and sociological factors. When the mob was first formed in this country in 1930 it was made up of first generation Italian-Americans, either people that were born here or had come at an early age.

While it was a different organization than the Mafia, its Sicilian predecessor, it was influenced by it. The ties that bound the members of each together were those of honor, kinship and respect.

We are now in the second and third generation of the mob, and the new members have grown up differently. They have the values of their contemporaries. They are the sociological equivalent of "Yuppies." Their values are not those of honor and respect, they

[1] See p. 666.

are economic. The ties that bind them to the mob are financial in nature.

Such ties are easier to break. And that is what we have seen happen. The concept of "omerta," literally, "being a man," is the oath of silence within the mob. The modern mob was formed sometime around 1930 in this country, and it was not until 1961 when Joe Valachi testified that it was first broken. And then it took 10 years after that for the next breach. Valachi was viewed as a "rat" and a "stoolie," somebody who was undeserving of respect.

But increasingly there have been more and more people who have violated that oath, and now, with a different mob, in a sociological sense, both sides—the younger people who have joined and not reached the economic advantages they had hoped for and the older side who sees the mob as not the organization they joined, instead as an organization run solely through financial considerations, including dealing in drugs, each feels free to break their oaths.

Not only now are they testifying before Senate committees, but they are testifying against their colleagues at trial. They have worn wires against their colleagues and recorded conversations within the families. And they now write books. Indeed the titles of books they write indicate their current feelings.

Bonanno, who reveals the innermost secrets of the mob, writes that he is a "Man of Honor"; James Fratianno who goes around the country testifying, calls his book *"The Last Mafioso."* He is the last one; everybody else within the mob is undeserving of respect.

At the same time, law enforcement has changed from the point of not even understanding the language of the people that they were investigating and a FBI denial at the Federal level as to the existence of the mob, to aggressive, pro-active investigations conducted by Federal and local authorities working together.

In addition, Congress has passed meaningful legislation directed at organized crime enabling law enforcement to deal effectively with it. Dangerous Special Offender treatment, the Witness Protection program, testimonial immunity, electronic surveillance, and the RICO statute—where we now are able to address syndicates rather than fighting a war of attrition against individuals, and can use civil and other non-criminal remedies to deal with this social problem.

The results have been extraordinary. Within the families where convictions have occurred organization has been replaced by factionalization and friction. Mob figures are moving up too quickly. The "Peter Principle" is at play as people are not trained or tested.

Those who now occupy high-level positions within the mob previously were gamblers and bookmakers. They were used to running simple operations. Now they are involved in the construction industry and the garment center and the waterfront. They are not up to the tasks that their predecessors were. As a result, there is instability that is arising throughout their organizations and within the industries in which they operate.

So my sense is that if law enforcement continues its efforts, and if the sociological changes continue—and they necessarily will—that the mob will not be recognizable in the next 10 to 15 years, by the year 2000.

That does not mean our job is over. Obviously, there are non-traditional, emerging, and ignored organized crime groups. There is a need for analysis to understand each of these groups. They are not the same; they are not monolithic.

They need to be analyzed to understand their likely development, their structure their criminal activities the threat to society and the ways in which they are vulnerable and can be combatted. In the statement that I have prepared I have laid out one possible analysis which breaks the non-traditional syndicates into 5 different categories so that they can be better analyzed for these purposes.

But I think perhaps more importantly, that aside from syndicates, we need to focus on the criminal activities and in particular, the infiltration, influence, domination or control of the legitimate industries in which they operate. I think law enforcement has failed to do so in the past and is prepared to do so today.

We need to understand why particular industries are susceptible to organized crime, through economic structural and historical analyses. In doing so, two concepts are of particular importance; one is racketeering susceptibility and the other is racketeering potential.

Racketeering susceptibility relate to those structural aspects of the industry which allow racketeers to gain control of critical components of the industry.

Racketeering potential is measured by organized crime's ability to withdraw from the industry money or power, that is, what they seek to gain. There may be a variety of industries which organized crime is able to control or dominate but only some of which they would want to because of the money making potential. There may be a number of industries which would allow them to profit from if they could gain control, but only very few in which they can actually gain control.

It is possible to analyze a particular industry's racketeering susceptibility and potential by using law enforcement, economic, historical and similar approaches.

Once having done that, one can design a restructuring of those industries, to be implemented by court orders, by legislation, by regulation or by voluntary industry adoption. A variety of remedies can be utilized.

Criminal remedies have been used in the past. RICO can be used to apply criminal remedies such as forfeiture and injunctive relief. There are institutional remedies as well. We are able to change the way institutions operate. Local 560 in New Jersey is only one example where court appointed trustees and receivers are able to run the local on behalf of its members, when criminal prosecution failed to do the same. It may be necessary to have hearings and issue reports in order to get public support behind this type of institutional change.

Economic principles can be used to change the structure of industries. It may be that if organized crime is able to control an industry because it owns a particular piece of land which is essential for the control of a critical good or service, we can take that property away by emminent domain.

If they control a particular industry because they control the industry association or the industry union and thereby can allocate territories and determine who bids on what projects, we can structure public interest corporations which can bid against them free from fear of economic reprisal.

We have made such proposals with respect to the garbage industry, that is the Organized Crime Task Force in New York and the Rand Corporation. A copy of that report can be made available to the Committee.

Senator NUNN. We would like to incorporate that as part of our record if you would submit it.

Mr. GOLDSTOCK. Sure. I would be happy to give you that.

We have done a major study of corruption and racketeering in the construction industry through analysis from economic, historical and structural perspectives. Unfortunately, that report is not yet public for the same reason this Committee has had such a difficult time holding its hearings. But as soon as it does become public I will send a copy to you, as well.

Senator NUNN. We understand. [Laughter.]

Mr. GOLDSTOCK. You have asked for the Organized Crime Task Force's approach in dealing with organized crime. I have laid that out in great detail in the statement and it is the approach that I have suggested in the last several minutes. It is taking a look at problems, not only from the traditional perspective of law enforcement, that is, the investigation and prosecution of these activities, but also from academic viewpoints in order that we may study the nature and structure of the criminal activity and thus be in a position to propose meaningful long term solutions.

It does us very little good if we only prosecute the people in the targeted industry who are engaged in criminal behavior and are left with the same problem in the coming years. We are much more effective if we can affect the industry and make it much more difficult for racketeers of the future to gain a foothold in it.

With respect to the final point, that is, the Federal and the State roles, we have seen over and over again that the public laments the fact that Federal, State, and local authorities do not work together, being at cross-purposes, being competitive. I think that was certainly true before. It is true to a lesser degree today. But on the other hand, I think we have made great strides.

That is not to suggest that we all ought to be working together doing the same thing. We have different jobs to do.

Let me use narcotics as an example. If we are going to look at the supply side and have an effect on that, it is not going to be local authorities that are going to have an impact. It is going to be Federal authorities who either can seal the border or put pressure on foreign governments to reduce the production of narcotics. I do not think that that is at all possible but if it could be done, it would be the Federal authorities to do it. They could also stop the use of 50 and 100 bills and make the transference of money much more difficult.

On the other hand, if we look at the demand side, if we look at street sales, the Federal authorities are going to have very little impact. If anything can be done there it will be local authorities with their resources and the type of work that they do.

What do we as a State agency do? Well, obviously, we to some extent can help the Federal authorities with the importation problem. We can help the local authorities to some extent with the street problem. But by and large our interest ought to be in taking a regional approach to the problem.

There are new organized crime groups developing around narcotics the way the mob did around liquor during prohibition. We ought to be addressing those newly emerging groups, investigating them, prosecuting them while they are vulnerable, and not allowing them to grow into the kinds of problems that we have with the mob for the past 50 years.

But when it comes to the question of who ought to be undertaking what investigations when the interests overlap it seems to me we have the greatest problem. We have not as yet designed any principled rules which would suggest when the Federal authorities ought to conduct an investigation or when it should be the local or state authorities.

Normally, it is a race to see who gets there first, who has the witnesses, who has the evidence, and who can prosecute most quickly. That seems to me to be not an appropriate way of achieving the results we ought to be achieving.

There are certain agencies and jurisdictions that have a general interest in a particular area, that have the resources which are able to cope with the problem. And it is possible that under those circumstances the others ought to defer to them.

There are other jurisdictions which have a special interest in a particular area. For example, New Jersey has legalized casino gambling. They have a particular interest in keeping that clean and it may be that the Federal authorities ought to defer to them, aid them, work with them, but defer to them because they have primary responsibility and indeed set up special units to deal with the problem.

In particular cases there may be substantive or procedural law or unique resources which are particularly useful; one agency ought to defer to another when it can be more effectively prosecuted by either the local authorities or the Federal authorities.

On the other hand, it strikes me that one role of the Federal authorities ought to be to aid local law enforcement in doing the job that they should be doing. Very often the Federal authorities come in, take over an investigation and a prosecution, indeed prosecute the case very successfully. But what that does, is to allow the local authorities, to have an excuse not to do it. Or maybe it does not allow them to develop the resources, or allow their legislature to be forced into passing the laws that they should pass in order to deal with the problem.

Like with an unused muscle, a type of atrophy sets in, and if local authorities are not doing the work because the Federal authorities are, they may not be able to do it in the future. The Federal role may necessarily have to be to aid the local authorities, to embarrass them, to work with them, to force them into doing that kind of job, because if they do not do it, in the long run, with the shifting Federal priorities and the limited resources that they do have, that work cannot be done in the future.

It seems to me that if we can develop such a set of principled decision making rules, as to who conducts particular investigations and who has particular responsibilities, we will have gone a long way to achieving our objectives.

Senator NUNN. On that latter point, where should the leadership come from in developing that kind of teamwork approach?

Mr. GOLDSTOCK. Well, obviously, it has to come from Federal, State, and local authorities working together. There exists now NOCPC, the National Organized Crime Planning Council. I suggest, although I do not have any great hope that it will happen, that there be ROCPCs, Regional Organized Crime Planning Councils, which are made up of members of the various Federal agencies and state agencies dealing with the organized crime problems; they would work together to develop principles which would determine who would be responsible for a particular type of case.

I think it makes sense to do so and I think that if we were able to do that it would avoid some of the competitiveness which exists now.

Senator NUNN. I see that Commissioner Zazzali has come in and I would like to have him come up and receive his testimony and then we will ask both of you questions, if that is satisfactory.

Mr. Zazzali, we are delighted to have you here. James R. Zazzali is Commissioner of the State of New Jersey Commission of Investigation.

Mr. Zazzali, we are delighted to have you. We swear in all the witnesses before our Subcommittee, if you will take the oath.

Do you swear the testimony you give before this Subcommittee will be the truth, the whole truth, and nothing but the truth so help you God?

Mr. ZAZZALI. I do.

Colonel DINTINO. I do.

Senator NUNN. I believe Mr. Zazzali is accompanied by Col. Justin Dintino, who is the Chief of the Organized Crime Intelligence branch of the New Jersey Commission, and Mr. Dintino, we are delighted to have you also.

Mr. Zazzali, why don't you give us your testimony. We will put your entire statement in the record, if you would like to shorten it any, and then we will have questions for all of our witnesses.

## TESTIMONY OF JAMES R. ZAZZALI, COMMISSIONER, NEW JERSEY STATE COMMISSION OF INVESTIGATION, ACCOMPANIED BY COL. JUSTIN DINTINO, CHIEF OF ORGANIZED CRIME INTELLIGENCE

Mr. ZAZZALI. Thank you, Senator, and good morning.

Our statement is part of the record.[1] We have indicated that.

By the way, our Chairman of this Commission, of the SCI, Henry Patterson, could not be here. The Commission asked me to speak in his stead.

We appreciate the invitation. The SCI for 20 years has been under a statutory mandate in the State of New Jersey to address the problem of organized crime, among other issues. Extraordinary

[1] See p. 717.

efforts have been made in that period. It is no secret that our goal, as is the goal of law enforcement in general, is to eradicate the problem. Whether that is feasible or not long term remains to be seen. For the present, vigorous efforts to control the problem, if not to eliminate it or to eradicate it, must be made.

I would like to talk in a couple of areas this morning. First is in the traditional organized crime area, that is, the LCN; the second is in the area of the newly emerging groups; the third is to briefly touch on the problem of Atlantic City; and, fourth, to make a couple of closing comments with respect to the drug problem which this subcommittee is addressing in a forthright way.

As to the problem of the LCN, particularly in New Jersey, and in the region, including New York and in Pennsylvania, there is no question that because of recent investigations, indictments, and prosecutions, substantial inroads have been made. And I at least in New Jersey it has been a significant cooperative or collective effort on the part of the Attorney General's office, the United States Attorney, the FBI, the State Police and, of course, the SCI itself.

I recognize that the FBI previously testified, and we agree with the statement that the problem of organized crime remains a very critical one, particularly in the northeast, particularly in the states I have identified. We all accept that proposition. The challenge is, of course, to reduce the problem further, as I indicated before, and I wish to emphasize—and I know the Federal authorities, at least in New Jersey, agree with us—that substantial inroads have been made in the State of New Jersey by way of prosecutions, by way of indictments, by way of investigations.

Indeed, in the late 1960s, just taking the SCI as an example, and the early 1970s, numerous hoodlums in the State fled to other states, particularly Florida, in other to avoid our investigative efforts, in order to avoid our subpoenas.

Today, for example, and with the assistance of Philadelphia authorities and Pennsylvania authorities, one half of the Bruno/Scarfo mob is either facing indictment or is facing criminal charges or is in jail. Nonetheless, we have to redouble our efforts. Although inroads have been made, resources must continue to be expended on the problem.

I would like to shift, with that background, briefly to the area of the nontraditional or newly emerging groups or organizations which, for lack of a better term, should be called "other groups," because the term "newly emerging" is something of a misnomer, given the fact that these organizations have been around for some time.

Just as a "for instance," to use the cliche, in New Jersey there are 29 organized crime groups; 22 are the "other groups"; seven are the traditional LCN organizations. I think Colonel Dintino can corroborate this, but in fact the amount of members in those 22 other groups, other ethnic groups, the amount of money which flows through them and out of them, far exceeds those monies in the LCN coffers, far exceeds the members in the LCN ranks.

In New Jersey we have specific groups, and I will identify them, with the permission of this Subcommittee. There, of course, are the Colombians, which have, as a matter of camouflage, insinuated themselves in the Hispanic community. There are eight known Co-

lombian groups in the State of New Jersey. They are prone to violence, and I think you already have that testimony to that effect. They are prone to violence in New Jersey. They are prone to eliminate families, including women and children, where members are informants or otherwise cooperate with authorities.

There are the Cuban organized crime groups. We have identified them in the report submitted to you. One, the Jose Battle group, consists of 2,500 members in the state. It is based in Hudson County. It is the largest Cuban criminal enterprise in these United States. Gambling and the laundering of money are its hallmarks, but they engage also in so-called legitimate activities which run the spectrum or the gamut from mortgage finance agencies to travel agencies.

There are, next, the Jamaican organized crime groups. Similarly, there are the black American groups, there are the Russian groups, and there are the oriental groups or Asian groups, including Chinese, Japanese, Koreans, and Vietnamese.

I must concede that the Korean and Vietnamese dimensions of the problem are not that critical at this point, but certainly the oriental problem is very substantial. They seek to make inroads upon their own oriental population, particularly the Chinese population. There are 1,000 Chinese restaurants in the State of New Jersey—that is a lot of egg drop—and you find that they are victimized, that they are extorted, in order to receive protection.

Finally, and it has not been given the consideration it ought to receive, there are the motorcycle gangs in the State. Those motorcycle gangs are operating primarily in South Jersey. They are well organized. They are also prone to violence. They are extending themselves somewhat into the northern part of the State, although evidence of that is not substantial at this point. But they are coming across the mid-point in the State.

I repeat, law enforcement cannot and should not divert its resources from the traditional LCN structure in order to address these problems. But it seems that, independently, we have to expend additional and significant sums of money and manpower to address the problem of other groups.

With respect to Atlantic City, it is axiomatic, of course, that the LCN has long coveted Atlantic City and what it represents. Some time ago the LCN declared Atlantic City to be an open city. By open city, I mean—or it means—that the city was open to exploitation, to manipulation, to victimization by any and all LCN organizations. In fact, as a footnote to that comment, however, I note that the Scarfo group appears to pretty well dominate the street crime, particularly vice, in Atlantic City. But other than that, it is an open city where there are unlimited opportunities for the mob to exploit.

What has the SCI done in this area? By way of illustration, the SCI only a year ago conducted hearings and issued a report to address the problem of ancillary businesses, subcontractors and so forth, who might be doing business with casinos, with hotels, but who are either influenced by or controlled by the mob. In particular, there was evidence that construction companies, subcontractors on casino sites, were mob controlled.

Similarly, there is evidence that real estate ventures and travel junkets, as insignificant as that might appear, are also subject to mob influence. Obviously, in Atlantic City, law enforcement must continue to be vigilant. It is a whole separate subject which has to be addressed, although I am confident that if law enforcement on both the Federal and State level and the local level continues the job that it has been doing for the last 10 years, we can at least control—to use my verb of 10 minutes ago—the problem.

Finally, as to cocaine, this speaker certainly does not have the answers or the solutions. I would only note parenthetically that a recent survey taken in our State indicates that 60 percent of the high school students have access to cocaine. But even that does not paint the complete picture because the survey indicated not only that they had access but that these high school students, 60 percent of them in the State, felt that it was "very easy", to obtain cocaine.

That concerns me, as I know it does you. We spend billions of dollars to fight wars—or to prepare for wars—elsewhere. It seems to me we should be spending a substantial amount of money, much more than we are doing now, to fight a war on our own soil. I am not talking about doubling or tripling that effort. We have to quadruple it and then maybe quadruple it again.

The amount of money, in my judgement, respectfully, spent on education on the drug menace is minuscule. I know you probably heard this before, but if we address—if law enforcement on the State and Federal level—addresses the question with a 4-pronged attack—eradication of the problem, interdiction of drugs, law enforcement—and that runs the panoply from arrests to investigations to prosecutions to incarceration—and finally, education or demand or prevention, whatever one wants to call it, collectively if you approach the epidemic on all those levels, a good deal can be accomplished.

I thank you. Colonel Dintino and I are, of course, available for questions.

Senator NUNN. Thank you very much.

Colonel Dintino, do you have any statement you would like to make, or just respond to questions?

Colonel DINTINO. No, I do not, sir.

Senator NUNN. Mr. Goldstock, let me start with you on something you touched on. You testified that due to current law enforcement efforts, internal instability, and sociological changes, the LCN will be unrecognizable in the next several years.

Will we then be much better off or will we have another group take its place? Is there likelihood that we will simply have another group come in and be the dominant organized crime group as the LCN has been?

Mr. GOLDSTOCK. I think there certainly will be organized crime, but I do not think there will be one group that will take its place. I do not expect that ever again we will have a situation where a group exists within the country that we do not now about for a 30-year period and is involved in so many different types of illegal activities and illicit businesses for such a long period of time.

On the other hand, the problems that we face with other groups may be far more insidious and affect us in much greater ways. The

problem of the Colombian drug cartel is a much different, much greater problem than we have had with Cosa Nostra and it provides challenges that this country has to meet. As I said before I am not quite sure how we go about doing that.

But on the other hand, to get back to the question, the face of organized crime will change, I think, dramatically.

Senator NUNN. Do you want to comment on that, Mr. Zazzali? How do you see us in the year 2000?

Mr. ZAZZALI. I am in full agreement with Ron. I just think his summary accurately reflects the problem.

I do think, based on the statistics that have come to us, that the problem of the—and I will revert to the phrase I was not going to use—the problem of newly emerging groups is not the only problem, but 5 to 10 years from now it may be if it is not already the major problem facing us in the area of organized crime.

Senator NUNN. Do either of you believe that there need to be legislative changes to the RICO statute? Or from your perspective do you believe the RICO statute as it is a sufficient and effective tool?

Mr. GOLDSTOCK. I think the RICO statute has been a very effective tool. I think it is a balanced tool, especially now that the courts are developing more consistent approaches to the "pattern" and "enterprise" concepts. I think they have done so correctly and at this time I do not see any need for any legislative changes.

Senator NUNN. Mr. Zazzali?

Mr. ZAZZALI. I think the course of RICO will be largely determined not by the Congress but in the next 4 or 5 years by the courts, and the future and the success of RICO largely depends on interpretations placed on the statute by a changing judiciary. And that is the only way I know how to suggest the flux that exists with a changing judiciary reflecting different views, particularly in the area of RICO.

We have a vast number of conflicting decision on the district court level and to some extent on the court of appeals level. Ultimately—and I will not say as always—but ultimately one would hope the Supreme Court would address those problems.

Senator NUNN. Are there any cases before the Supreme Court on that right now? Anything that is pending, or about to come down, on RICO? Do either of you know?

Mr. GOLDSTOCK. No. As far as I know, there are not. The last case that did address the issue, Sedima raised the "pattern" issue in a footnote. The Supreme Court laid the groundwork for the future.

Senator NUNN. Mr. Goldstock, could you tell us in New York—and I will ask the same question of Mr. Zazzali about New Jersey—and I will try to word this in a way that you can answer it, but you change the question if you would like.

The question really is, what industries are most susceptible to organized crime in your state?

Mr. GOLDSTOCK. There are certain characteristics about industries which make them susceptible to organized crime. Given those attributes, it is the presence of racketeers that influences what industries and what States are affected.

But in New York, the ones that are most prevalent are the construction industry, the garment industry, the waterfront, cargo, carting, and other service industries.

Mr. ZAZZALI. I would give perhaps the same answer, slightly varied. I think the garbage industry, the waste industry in New Jersey presents a source of revenue for organized crime. They have taken advantage of that in the past; they will continue to do so.

I know that both the State and the Federal law enforcement communities in New Jersey are addressing the question. Bars and restaurants remain a source. Vending is an opportunity for the LCN; as is the construction industry to a more limited extent. Going to the other emerging groups, I know that for the last 6 or 7 years—and this happens to be a personal interest of mine—sweatshops in the northeast part of the State—and I think Mr. Goldstock has seen the same thing in New York City—are a terrific problem. That issue is somewhat tied in with organized criminal efforts of some of the other groups.

Senator NUNN. Mr. Goldstock, in your testimony you gave us several options which stimulates our thinking on restructuring industries that are susceptible or are dominated by organized crime. Do you see that the Federal Government is doing anything in this regard in terms of restructuring as opposed to simply prosecution?

Mr. GOLDSTOCK. Well, they have gone a little bit beyond prosecution in the sense that the Federal Government in the past 5 years has tended to focus on unions, found out which unions in which industries have provided the leverage by which organized crime can control the industry, and then moved, using the RICO statute, to take over that union, and then hopefully hold honest elections, give dissidents a chance to speak out, and thus change the way the union operates.

But even that has left the industry untouched, and I think in that sense the Federal Government has failed to recognize the issue.

Senator NUNN. What do you suggest the Federal Government should do in terms of restructuring industry to get organized crime out of it where they are in it and to keep them out of it?

Mr. GOLDSTOCK. I think one problem is the very structure and nature of the Department of Justice. The Department of Justice is set up by and large by remedies. That is, there is a civil division and a criminal division and an antitrust division. Each takes a look at the way to approach a particular problem but not at the problem itself. It is as if the National Institutes of Health structured its divisions by remedy: surgery, radiation and chemotherapy, and then attempt to deal with cancer, in one of those divisions without a department of oncology.

What needs to be done is to use all appropriate remedies and address a particular social problem. If, for example, we are concerned about the construction industry, then there ought to be a construction industry group which is made up of people from the various remedial divisions or has those skills and applies those disciplines and looks at the industry as an industry and decides in a multifaceted approach how to restructure that industry.

The same thing can be done with garbage collection or carting. The same thing can be done with the garment center and so on.

The Department of Justice has incredible resources. I do not mean solely in terms of money and people, but I mean in terms of quality, in terms of research capability, in terms of the ability to conduct hearings, issue reports, conduct investigations.

Senator NUNN. Mr. Zazzali, would you like to comment on that?

Mr. ZAZZALI. I am really not in a position to suggest a structuring of the Justice Department. I do think what Mr. Goldstock has indicated makes a good deal of sense, however. It is an appealing and a sensible approach. Again, though, I would not want to comment beyond that.

Senator NUNN. What about the impact of legalized casino gambling in Atlantic City as far as organized crime is concerned? Could you give us sort of a before and after analysis of where we are on organized crime because of the legalization of casino gambling in Atlantic City?

Mr. ZAZZALI. First of all, as a premise, organized crime was in Atlantic City, active in Atlantic City, before the legalization of casino gambling. When casino gambling did achieve its birth approximately a decade ago, there was no question, and there is no question, that, as I said before, the LCN coveted opportunities there.

I think—and Colonel Dintino can supplement my comments—but I think it is fair to say that while no one knows what kind of discovery or disclosure would be made tomorrow in terms of an inquiry, in terms of an indictment, or whatever, evidence of skimming or anything like that. No one knows and no one can predict. To date, law enforcement on both the Federal and State levels has done a terrific job in addressing the problem of organized crime and is responsible for its general absence in casinos and hotels.

The problem and the challenge is that there is evidence of organized crime in the ancillary businesses such as supply services, linen companies, in construction with subcontractors that I mentioned, or whatever. That is an omnipresent problem. In a sense that is perhaps the Trojan horse for organized crime. The challenge to us is to address that as vigorously as possible.

Colonel, would you like to add to that?

Colonel DINTINO. Yes. Concurring with what you said initially, organized crime had a presence in Atlantic City. In fact, Nicky Scarfo was banished there in 1963 for a homicide he committed in Philadelphia where he stabbed an individual in a diner. Bruno was not happy with that. We banished him to Atlantic City, which was considered Siberia, and he was making peanuts there as a small time pimp and loanshark.

Now, with the advent of casino gaming, that offers organized crime the potential to make much more money than they had in the past. There are 30 more million tourists that visit Atlantic City annually and organized crime is ready, willing and able to supply them with loansharking operations, narcotics, prostitution, gambling, whatever, and they have.

And I think in addition, while there has been an increase in organized crime activities in Atlantic City from prior to casino gaming, we also have the other groups in the Atlantic City area; American Blacks, we have cycle gangs, we have Colombian gangs,

all in the narcotics area. So it has created a more serious problem to New Jersey in terms of organized crime.

Senator NUNN. Would that be the case even if it were not gambling? If it were some other endeavor that attracted that number of people to visit an area, would you still have that target of opportunity for organized crime? Or are they attracted because of the gambling itself?

Colonel DINTINO. I believe that the gambling plays a big part in it because the people that are coming there are coming to gamble and they are coming with money and the market or clientele that wants to gamble will turn to the illegal gambling enterprises such as sports bookmaking, which is a good example.

Senator NUNN. That is not legal?

Colonel DINTINO. That is what?

Senator NUNN. That is not legal?

Colonel DINTINO. No, that is not legal in New Jersey.

Senator NUNN. You are saying that there are other forms of gambling which are not legalized which the legalized gambling sort of spills over into the illegal-type gambling?

Colonel DINTINO. Yes.

Senator NUNN. What about the reduction of organized crime income from illegal gambling? That was my question. We are already on it.

If they were involved in illegal gambling before gambling was made legal, has there been a reduction of illegal gambling or an increase in illegal gambling?

Colonel DINTINO. No. In fact, a number of surveys have been taken and all the surveys have indicated that wherever gambling is legalized, there is an increase to organized crime's money making capacity in the illegal market, because legalized gambling creates a new clientele, it creates a new market, and some of these new clients do turn to the illegal gambling market. And again I will use the example of sports bookmaking.

Mr. GOLDSTOCK. Obviously, for people who had not bet before, having learned to bet as a result of legal gambling, illegal gambling becomes very attractive. It is done on credit. They do not pay taxes on winnings. It is not open and notorious so people do not see what they are doing.

I think wherever there is legalized gambling, whether it be off-track betting, whether it be legalized numbers or any experiment that a state does, rather than competing successfully with the illegal gamblers, it in fact creates a better and bigger market for them.

Senator NUNN. Let me ask both of you to comment on the RICO statute as it applies to possible takeover of labor unions that are allegedly corrupt. Now, takeover, by that I mean the Federal Government basically taking over a union under RICO and placing some form of trusteeship on that union in order to purge it of whatever criminal activities there are.

How do you feel about that in terms, number 1, of effectiveness, number 2, of the philosophy of it?

Mr. GOLDSTOCK. I think it is extraordinarily valuable. But first let me just change the nomenclature a little bit. I tend not to use "Federal takeover" because that implies that the Executive is

taking over rather than the judiciary putting the union in trusteeship and appointing somebody outside the Government to run it. It is not as if the Government itself were running the union.

Senator NUNN. What would be the right term? Shakeup? Turnover?

Mr. GOLDSTOCK. Placing it in trusteeship or receivership.

Senator NUNN. Trusteeship.

Mr. GOLDSTOCK. If one takes a look at the history of labor racketeering in the country and the attempts by the Government to do something on behalf of the union members that have been victimized by it, we see that prosecution in and of itself has been relatively unsuccessful.

The prime example is the Teamsters International. Dave Beck was indicted and convicted and sent to prison in the 1950s. Jimmy Hoffa came in and things got worse. Hoffa was indicted and convicted and sent to prison and Fitzsimmons came in and things got worse. Fitzsimmons died in office while under investigation which is, I suppose, the functional equivalent of capital punishment, and Roy Williams came in. He was indicted and convicted and Jackie Presser is in and no one suggests that anything is any better.

It has been impossible over time, with respect to particular unions; that is, those unions which are, again, susceptible to organized crime and provide racketeering potential, to rid them of racketeers so that they do not remain as captive unions.

The only thing that has had a chance of working and has indeed been successful is the attempt under RICO to place the union into receivership and have the union members have an honest operator of that union for a period of time. I think the success with 560 right now under Ed Stier points the way.

There are a lot of different experiments, lots of different ways in which unions can be run; 560 is different than 6A, is different than 814, which are the three that are now in receivership.

I think there needs to be studies of each of the ways in which those unions are run to determine which is the most successful and which is the most beneficial for the union members. Former labor investigator, Mike Maroney's thoughtful analysis deserves careful consideration and should be studied by the Justice Department. But I think unquestionably, while there are flaws in the RICO approach, it is far better than what has gone on before.

Senator NUNN. Mr. Zazzali, how do you feel about that?

Mr. ZAZZALI. Senator, Ron just referred to Ed Stier. He is the former Director of the Division of Criminal Justice in the State of New Jersey. He served with me in that capacity when I served as Attorney General some years ago. He is an outstanding public servant who is doing an extraordinary job in that position.

You asked two questions; you asked as to the effectiveness of the approach and the philosophy of the approach.

Senator NUNN. Right.

Mr. ZAZZALI. I am somewhat acquainted with the 560 problem since I was appointed and hold the position of Special Counsel to 560, pursuant to the direction of the Federal Court.

As to the experience or effectiveness of the trusteeship, the jury is still out. Certainly enormous reforms have been initiated and im-

plemented, reforms which benefit the well being of the members, which is what the labor movement is all about.

We have not only substantially improved benefits, and I will not get into that here, it is also a mud cleaner operation, the members have more confidence in the process, and there is a feeling that integrity exists at the top which, of course, never existed before.

In terms of ultimate effectiveness, there will be an election in November. I believe the results come in in December. In any event, by the end of the year someone can give you a more definitive answer to the question that I am giving to you now. It is an extraordinarily complicated situation. Regardless of the results of that election, though, I underscore the fact that very significant reforms have been initiated, and progress made.

As to the philosophy of it all, reasonable men can differ over that. It is a battle which is raging back and forth. On the local level with a local union, different questions are implicated than with respect to a trusteeship placed upon an entire international union. I am not saying the latter is right or wrong. I am only suggesting, again, that different questions are presented.

Some law enforcement people I know, have a different view with respect to an international trusteeship, suggesting that the better approach is not the trustee approach—and Ron is correct, that has not really worked entirely—but the traditional approach, that is, prosecutions, coupled with reforms in the area of elections for international officers and similar efforts.

But on the local level where you have Local 560, which is rife with a history of not simply extortion, but of violence and murder, I do not know that there is or should be too strong a philosophical difference in that area.

Senator NUNN. We have gotten some evidence that individuals from Sicily—Sicilians—are being recruited by LCN to come to this country, or at least they are coming into the country and cooperating with the LCN.

Do you see any evidence of that yourselves and is this a result of the sociological law enforcement trends that you mentioned, Mr. Goldstock?

Mr. GOLDSTOCK. I think it has come about in two ways. In the first instance, mob figures some years ago recognized that they were unable to recruit new members in this country who were up to the caliber of those they needed. Street gangs which fostered and trained such people, generations ago had disappeared. The more disciplined and aggressive individuals, however, still could be found in Sicily.

The mobsters who recruited the Sciclians found that not only did they have the type of discipline and experience and skill that they wanted, but in addition were so good that they posed a threat to the American leadership. As a result, such recruitment efforts tended to end fairly quickly.

On the other hand, families in the United States who had for a period of time determined that they were not going to be directly involved in drug trafficking, were still greedy enough to want the profits from narcotics, which was far beyond anything that they could make in any other kind of criminal activity. And so they had working relationships with Sicilian Mafia members who would

then bring the drugs into this country, sell it here after the importation, and split the profits with the sponsors families in the United States. That has continued and has resulted in, for example, the Sicilian Pizza Connection case that was recently concluded in the Southern District of New York and the arrests made several weeks ago.

Senator NUNN. Mr. Zazzali, how about that in your view.

Mr. ZAZZALI. Senator, if I may, since Colonel Dintino is head of our intelligence section.

Senator NUNN. Colonel Dintino, we would be glad to have you answer any of these questions, so just volunteer where you would like to be heard.

Colonel DINTINO. Thank you very much, Mr. Chairman.

I might add that with the Sicilians, We do not know everything there is to know about them. We know that they are independent of the American LCN. We know that while they have working arrangements in the area of narcotics, that they do report back to Sicily, they do send their profits back to Sicily to buy more narcotics and invest in property and other enterprises.

We believe that there are more Sicilians in this country than there are members of LCN and they are throughout the Nation.

Senator NUNN. Say that again, will you?

Colonel DINTINO. We believe that there are more Sicilians in this country than there are members of the LCN and they are throughout the Nation.

Senator NUNN. Throughout the whole country, you believe there are more?

Colonel DINTINO. Throughout the whole country, and they are dealing in narcotics and they have working arrangements with the American LCN.

Senator NUNN. So you think the number over all, not just in narcotics, but the overall number of Sicilians involved in organized crime in this country is greater than the number of LCN members?

Colonel DINTINO. Yes. I have heard figures of 3,000 or over. It is an area that even the FBI have the same concerns. They have been taking a hard look at them in the last several years, and at one time they thought that the two groups were together. And while we found some cross-membership between the American LCN and the Sicilian Mafia, for the most part they are independent. They do have working arrangements.

They do have other factors that concern us, because in Sicily they are like the Colombians, they are very vicious. They kill family members and public officials. There is a difference in them in that they use family members as couriers and money launderers, including females, which the American LCN would not do.

So far, it seems like there is a peaceful coexistence between them. In other words, they have been told to stay out of the American LCN traditional crimes such as loansharking, gambling, and they appear to have done that. They have stayed within the narcotic area.

Senator NUNN. What about the cross-relationship, if any, between the LCN and the emerging crime groups? What is your view on that? Is there a relationship? Is it de facto?

Colonel DINTINO. The only relationship that I see, Senator, is that, again, there are working relationships between the groups. In other words, let's talk about the Colombian cartels. They basically control bringing all the cocaine into this country.

Now, that does not mean that the LCN or other organized crime groups do not make purchases from them and then wind up in the distribution end. You will find the same with a number of these other groups, that there are working relationships between them. And I find it somewhat odd, as I look across the country and we know we have a number of various groups and they seem to have carved out their own geographical area, their own particular criminal activity, and there does not seem to be any particular wars brewing between any of these groups.

And yet, I have no knowledge of any sit-down between these groups and to say, well, you can have cocaine and we will have heroin, and this is our geographical area and you take that area. I just believe that when a new group enters the market, they look for something that maybe someone else is not involved in and they take that over.

Senator NUNN. You mentioned in your prepared statement, Mr. Zazzali, that the New Jersey Casino Control Act was recently amended to prevent further profiteering by the mob at casino construction sites.

Could you go into that in a little bit more detail for us?

Mr. ZAZZALI. Yes, Senator. Previously the Act required licensing et cetera, for an entity which did business directly with a casino or a casino hotel. But the problem was at that time that, while the State may have had the ability to police that relationship between, let's say, a contractor and the casino, it was not able to fully police the relationship between the contractor and, let us say, subcontractors. And organized crime elements and their advisors knew, quite simply, how to get around that.

So what we have done is to extend the State's right and obligation to police those relationships and to enforce violations of those relationships as to those dealing with the casinos in an indirect way or in a sub-direct way, if that answers your question. It has been, we think, reasonably effective.

Going back to the casinos, by the way, one of the ways that a fair amount of progress has been made by law enforcement—and this may be a lesson to any other state thinking about adopting a casino program—is the enormous presence of law enforcement down there. I am talking about the following: the SCI, the State Police, the Attorney General's office—that is, the State Attorney General, the county prosecutor in Atlantic County, the United States Attorney, the FBI, and, at last count, about three strike forces.

So that is a fairly significant arsenal of personnel and resources and that is why I think that job is being effectively done.

Senator NUNN. Thank you.

Mr. Goldstock, I did not give you an opportunity to comment on the emerging groups and the relationship. Could you tell us in New York, your view of whether there is a relationship, whether it is de facto, or how would you view it?

Mr. GOLDSTOCK. There does not appear to be too many joint ventures, that is, where they agree to work together. Essentially their relationships tend to be working ones where they move commodities from one to another, one may purchase from another, and one group may on occasion do some contract work for another group. For example, the mob has been known at times to use motorcycle gangs for muscle work the same way that they would use the Irish gangs on the west side of Manhattan for that purpose.

But by and large they operate independently and the battles between them seem not to be so much between different ethnic groups but between similar groups battling for turf within the same area; for example, black crack groups operating within Queens may fight one another for supremacy.

Senator NUNN. Mr. Zazzali, your statement suggests that the DeCavalcante/Riggi organization is involved, among other things, in the recording industry. Could you explain their role in the recording industry and generally comment on the evidence that you have that supports that conclusion?

Mr. ZAZZALI. I can. That is the Vistolo problem, but that is a fairly intricate fact pattern, and because of his direct experience I will turn to Colonel Dintino.

Colonel DINTINO. Basically what that involved, Senator, as Corky Vistolo was involved with MCA Recorders, Inc., out of California and through that they got involved with a corporation in the Pennsylvania area. And this subject was required to purchase a million and a quarter of recordings, and through intimidation and fear they forced him to relinquish part of his company and as a result there were indictments. It was an extortion conspiracy.

Senator NUNN. In your statement, Mr. Zazzali, you stated that John Riggi met with Gambino boss Paul Castellano on the very day that Castellano was murdered in New York City. Do you have any reason to believe that Riggi had prior knowledge of the planned hit of Castellano?

Mr. ZAZZALI. Colonel?

Senator NUNN. Colonel?

Colonel DINTINO. Senator, while he met with him—it was December 16, 1985—and he had with him his bodyguard, and Gotti had his bodyguard and another individual, we do not have any knowledge that he was aware that Castellano was going to be murdered that day. But afterwards, it was interesting that Riggi's bodyguard, Colletti was brought before a Federal grand jury and he was offered immunity and he refused to talk and he spent a year in jail, which indicates that maybe he felt that he was part of some conspiracy. So he sat in jail for one year and did not say anything.

Senator NUNN. What is the relationship between John Riggi and current Gambino head, John Gotti?

Colonel DINTINO. It is not good. It has never been good. And the reason for that is, John Riggi was close to Paul Castellano, so automatically John Gotti did not like that.

Riggi has stepped down as business manager of 394 laborers out of Elizabeth in December of 1986. We believe there was pressure put on him by Gotti. The last few months, Rotondo, the underboss of the Riggi Family, who operated in the New York waterfront, was killed. We believe that that was a Gotti sanctioned hit, and we

also believe that Gotti would prefer to see Corky Vastolo become the boss of that particular group. But right now Vastolo has these extortion indictments pending and there will probably be no change in that particular group until those charges are terminated.

Senator NUNN. Colonel, do you have evidence of activity by John Gotti in New Jersey, criminal activity?

Colonel DINTINO. Yes, we do. We have evidence that he is involved in loansharking and labor racketeering but they are both under investigation and I do not think it would be proper to make any further comment.

Senator NUNN. In the late 1970s—and I will ask any of our witnesses that would like to comment on this—the Justice Department and the FBI conducted the UNIRAC investigation, a massive law enforcement effort resulting in the conviction of numerous individuals across the country for corruption and illegal payoffs in the waterfront industries. Our Subcommittee had a number of hearings on that.

I believe, Mr. Goldstock, you will recall that. That was when Marty Steinberg was our Chief Counsel before Eleanore Hill became Chief Counsel. There were numerous people convicted, including Genovese Family members in the New Jersey area.

You mentioned current Genovese influence in your statement, Mr. Zazzali, over waterfront operations.

How successful were the UNIRAC investigations and prosecutions in the long run? I will ask you if you would like to comment, or Colonel Dintino?

Mr. ZAZZALI. Just as an opening statement, and then I will shift the focus with the Colonel, but I think it is fair to say that while it was very successful from a law enforcement perspective in terms of both arrests and in terms of convictions, it, very simply stated, did not result in the removal of organized crime from waterfront operations.

That is a short declarative statement which the Colonel can elaborate upon.

Colonel DINTINO. I would concur with that and elaborate a little further and compare that to 560, which we have talked about. The fact that we had the LCN operating in this country for over 30 years with absolutely no enforcement effort being directed at them allowed them to become firmly entrenched. I believe it is a good example when you use labor locals.

The fact that we have allowed that, they have become so entrenched—and 560 is a perfect example—that we find it is almost impossible to untrench them, even with a trusteeship. Like the Commissioner said, we are not certain about the election which occurs in December.

And I use the same parallel with the UNIRAC investigation. While it was a successful operation at the time, it had no affect in changing anything on the waterfront. Organized crime is on the waterfront. They have been there since the completion of the UNIRAC investigation, they are there now.

I do not think that one investigation, or several, would have any appreciable effect. I think it takes a continual commitment of the Department of Labor, the FBI, the Justice Department. You have

to create a situation where the risk and price is so exorbitant that organized crime is going to choose to go elsewhere.

Senator NUNN. Your statement mentions, Mr. Zazzali, that the Jose Battle criminal organization is known to, quoting you, "have attempted to actively subvert local government."

Could you give us further reading on that in terms of evidence?

Mr. ZAZZALI. Sure, and by way of specific reference to a document, rather than anything approaching hearsay, back on April 1, 1985, exactly 3 years ago, a Hudson County grand jury issued a presentment in connection with activities in Union City. It indicated that the Battle group was attempting to control or influence Government in Union City, which is in Hudson County. That information was obtained through authorized electronic surveillance and numerous witnesses who appeared before the grand jury.

The electronic surveillance indicated that Mr. Battle was attempting to effect and affect the removal of the Union City police chief, that attempts were made to fix court cases, that attempts were made both to obtain jobs for people in Government and to remove people from jobs in Government.

I would add, while there is that problem—and it is significant that it is from the so-called "newly emerging groups" or "other groups," it is the consensus of both Federal and state law enforcement authorities that organized crime in New Jersey is not having any kind of impact on government generally. I believe Mr. Sessions, the FBI Director, in his testimony before the Chairman a couple of weeks ago indicated that the influence of the LCN on political organizations, on government, and on business has been substantially reduced. That is certainly the case in New Jersey, fortunately.

But there is evidence of an occasional breakthrough, such as the Union City example which I have just described.

Senator NUNN. So when you have examples, you believe today that is the exception rather than the rule?

Mr. ZAZZALI. Absolutely. I know that is the exception in our State, and that is, to the credit of many in both the Federal and State law enforcement communities. Vigorous prosecutors have been able to remove at least that part of the stigma.

Senator NUNN. Mr. Goldstock, could you comment on that same point as to New York, and I will come back to Colonel Dintino, as to the influence on Government, local, State, and so forth?

Mr. GOLDSTOCK. Well, of course, New York has recently had some cases in which there has been corruption involving organized crime, but I would say it is nowhere where it was before.

We have had bugs and taps on the highest ranking members of organized crime within the City and within the state and while not guarded in their conversations, nor having any thought that they were being subjected to electronic surveillance, they did not talk about any contacts they had with law enforcement or with the political process.

Indeed, the fact that those bugs and taps remained there for such a long period of time with so many different agencies knowing about it would suggest that they have lost to a tremendous extent their ability to influence law enforcement.

If I might, I would also like to get back before to the issue of the waterfront which you raised.

Senator NUNN. Fine.

Mr. GOLDSTOCK. It pertains to what I had suggested before in terms of the need to restructure industries and the susceptibility of particular industries to organized crime. The waterfront is a perfect example.

With respect to racketeering susceptibility, which is in the union area related to the membership, we find that susceptibility is greatest where the work sites are scattered, the workers are transient; they may lack skills or be involved in semi-skilled work; they may be recent immigrants; all which was true of the ILA in its formative years and in fact for sometime thereafter.

The desirability factor, racketeering potential, relates to the structure of the industry, for example, strike insurance is prevalent in one in which capital expenditures are very high and delay is exceedingly costly. Obviously, if there is a ship tied up at a pier and needs to be unloaded, the cost of that ship remaining there while it is not unloaded, the cost of having cargo on the ship and possibility rotting, depending upon what it is, is very, very high and therefore people in the industry would be willing to pay virtually anything to get the workers moving.

So it is one in which the very structure and nature of the industry itself provides opportunities for racketeers. The mere removal of some of them will not change the way the industry operates. What needs to be done is to put in cost effective countermeasures, some opportunity blocking techniques, to stop that kind of activity from continuing.

Senator NUNN. Now, how would you do it on the water-front? What are those opportunity options?

Mr. GOLDSTOCK. Well, I cannot give you an answer right now because a study of it has not been done. There was a perfect opportunity to do that after the UNIRAC investigation because of the data gathered by so many agents using electronic surveillance, informants, and analyzing books and records. With that kind of information, one could design these kinds of restructuring techniques.

It is precisely what we are doing with the construction industry, as the interim report will show, and that is an infinitely more complex industry. So my sense is if we can be effective there—and I hope we can be, and I think we came up with the right kind of restructuring for the carting industry and garbage collection—I think it can be done for the waterfront as well.

Senator NUNN. Well, I congratulate you on exploring these areas. I am sure it is going to be a trial and error method, case by case, industry by industry, and it is going to be long and difficult. But I think you are doing pioneering work in that area and I hope we can learn from it at the Federal level and, really, other states also.

Mr. GOLDSTOCK. I hope it will be successful.

Senator NUNN. Colonel Dintino, you were going to add a comment.

Colonel DINTINO. Yes. My comment goes back to Jose Battle. While I concurred with what Goldstock and Zazzali said about the corruption aspect, I just wanted to point out that I have been in

this business since 1967 and when I came into this business Jose Battle was in Union City at the time. So when we use the term "newly emerging groups," it is a misnomer.

And from being in Union City back in 1967, he has grown. He operates an organization known as "The Corporation" which have over 2,500 members. He has now moved to Miami but he still has a strong base in Hudson County, New Jersey, New York City, Miami and other parts of the country.

I just wanted to point out the significance of his organized crime operation.

Senator NUNN. You mean he emerged a long time ago?

Colonel DINTINO. Yes, he certainly did. In fact, the area that he was in in Union City was an area that was dominated by Joseph Zigarelli and the Bonanno Family, and at the time we succeeded putting the bug in his office and we had a successful prosecution, he went off to jail, and who filled the vacuum? Jose Battle.

There wasn't any other LCN pressure that came on Jose Battle. He filled that vacuum and he has been there ever since.

Senator NUNN. Let me ask both of you to comment on how effective the Federal effort has been against labor racketeer-ing in your states.

Mr. ZAZZALI. In New Jersey it has been effective. I know that Colonel Dintino is an expert in this area. He sat on the President's Commission on Labor Racketeering. He makes a point of underscoring the fact in all of these discussion, and I think it should be noted for the record, that according to the empirical data, less than 1 percent of the unions in our state and nationally have any kind of organized crime influence.

With that, let me shift the focus to the Colonel.

Colonel DINTINO. Senator, I would say that the effect of labor racketeering, while there have been tremendous efforts put in that area, both by the Labor Department and the FBI, and they have had some outstanding successes, I do not think there has been much effect.

In other words, again, we look at 560. Now, on the President's Commission we made a strong recommendation that we thought this was the way to go, a trusteeship. And we said, why aren't there more trusteeships with other labor locals that are controlled by organized crime? Again, the reason has been because they have become so entrenched over 30 years that the membership becomes intimidated and is fearful of their own safety and it is very hard to get a reform platform to run against the present incumbents.

I would be willing to guess that if an election was held today in 560, I believe Mike Sciera would be elected and he is a Tony Provensano protege.

Senator NUNN. You are saying we have a long way to go.

Colonel DINTINO. We have a long way to go in labor racketeering.

Mr. GOLDSTOCK. In New York, while I think it is true that maybe with 100,000 locals in the country and less than 1 percent being corrupted, there are in fact four internationals that are corrupted and all four operate in New York, and I think New York probably has more of its share of corrupt locals than anywhere else, and particularly in the industries that I had mentioned before.

Senator NUNN. I think you made an important point here and I hope we can keep it in perspective. You said that of 100 percent, only about 1 percent in New York are affected in terms of labor corruption.

Mr. GOLDSTOCK. Well, I am saying out of 100,000 locals throughout the country.

Senator NUNN. You are saying throughout the country 100,000 and about 99 percent of them are not affected by organized crime.

Mr. GOLDSTOCK. Are not affected.

Senator NUNN. But those that are, you are saying New York has more than its share?

Mr. GOLDSTOCK. We have more than our fair share. Of the four corrupted internationals—the HREU, the Laborers, the Teamsters, and the ILA—many jurisdictions are not going to have all four operating within them. The ILA is not going to be operating in the midwest cities without ports. The Laborers, of course, are very important in New York where there is a tremendous amount of construction going on. So, as I suggest, New York has more than its fair share.

The FBI has been, I think, extraordinarily attentive to the problem. The Labor Department has, as well, but they have very few people operating in this area—maybe a hundred for the entire country. The head of the New York office, Frank Allesandrino, is a very effective leader and has done very, very good work but there are just too few people to do the massive job that is required.

Senator NUNN. Do you see much conflict in this labor racketeering between the FBI and the Labor Department now? Has it gotten better or has it gotten worse?

Mr. GOLDSTOCK. Well, as you know, at one time I headed the labor racketeering unit in the Labor Department and at that time I thought that relationships were very good. We had just started out and were developing a program at that time.

I think overall it is not bad. I think the two have the capacity to work well together. I think however that there are certain problems built into the system whenever there are two different units, especially within two different departments. There is built-in competitiveness and I think this is exacerbated by the fact that within the Labor Department the individuals who are in the organized crime unit, the labor racketeering unit, do not have law enforcement authority in their own right; they may be cross-deputized as Marshals, but essentially they are not law enforcement officers.

I think it would be very helpful if they were and I think that then, being on a par with other law enforcement agencies dealing with this problem, they could do a much more effective job. I think if that were the case, there would have to be some internal changes in the rules and procedures within the Labor Department as would befit a professional law enforcement agency, because given the current civil service rules, I do not think that all the present agents ought to be authorized to carry weapons. But with the changes that would have to be made to bring them to the same professional level as the FBI, I think that it could be done.

Senator NUNN. We have some legislation that I have introduced on this subjection and it is pending. We are waiting to see how this new effort works out, the deputization effort.

Mr. GOLDSTOCK. Well, I do not know and I am not in a position any more to really see how well it will operate. But if it does not work out, I think it would be helpful to have legislation.

Senator NUNN. Mr. Zazzali, do you have any comment following up on that?

Mr. ZAZZALI. The cooperation between the two entities within the Federal Government appears to be effective. Generally in law enforcement, I have always marveled at the problem of cooperation and I have always been pleased when I see it coming about.

I am talking about cooperation in a little different sense than suggested by your question, but it is important. It is critical to all the areas you are talking about, whether the drug problem or whatever. That is, cooperation between the State agencies and the Federal agencies and, significantly, cooperation within the State apparatus between agencies, and also what you have touched on, between Federal agencies within the Federal apparatus, is improving.

It has always been very interesting to see the understandable rivalries. And I say understandable, because whenever you have a bureaucracy, that is going to happen, whether it is a university or the Government.

I cannot speak for New York, but I know that in New Jersey it has been gratifying to note that in the last 10 years, the State and the Federal agencies are cooperating with each other whereas before that time it was very difficult to get cooperation.

Senator NUNN. Let me ask each of you, as we close out here—we will have other questions for the record. We will not give you a lot of paper work but we may have a few that we will submit to you if you could cooperate in that.

Other than what we have discussed this morning and you have already given your opinion on, what other suggestions, if any, would you have for the Congress or for the Federal Government in terms of making the overall effort more effective against both organized crime in the traditional sense and the emerging sense?

Mr. GOLDSTOCK. Well, I think the Congress can essentially do three things. It can pass legislation, and I think in this area it has done that quite effectively. It can arouse the public conscience, and through hearings like this I think it is doing that as well.

The third area is, of course, the allocation of resources, especially in the drug area, and I think there the Congress can do better. Local law enforcement, in dealing with drugs, has a virtually impossible task. I know that the local law enforcement agencies, especially the police departments, feel almost under siege by the drug operators with vast sums of money.

The Organized Crime Task Force in New York has perhaps a hundred people for 62 counties. We average less than two people per county throughout the State, and that is including support staff. However, in just one case that we are working, with the New York State Police, we have seized from a Colombian cartel probably 200 kilograms of cocaine and over $10 million in the last several months. That has not affected the drug cartel, and yet the amount of seized cash is about twice our annual budget.

So to the extent that the Congress is in a position where it can allocate more resources and aid local law enforcement, I think that would be a major help.

Senator NUNN. Thank you very much.

Mr. Zazzali?

Mr. ZAZZALI. Senator, to echo some of that and to elaborate a bit further in other areas, again, the helpful weapons are hearings such as these, education, sense of commitment, and an expenditure of resources and manpower. Most of all, the drug problem remains the number one social issue addressing this country.

Allow me to present a little different slant on things, perhaps. Most of these issues, fortunately, are black and white issues which makes many of the decisions easy and probably that is why it is fun to a lot of people in it because it is not easy to find black and white issues any more. But I do think that a certain perspective and sense of balance has to be brought to some of these questions.

The cocaine issue is an easy one. There is not much need for perspective or balance there. It is an all-out war. We have not had one like it, I do not think, since World War II. But in these other areas, maintaining a broad perspective is necessary. There are certain areas where a simplistic approach is warranted and other areas where it is not and it is the function of the Congress to know the difference.

Colonel DINTINO. Senator, I just would follow-up on what Commissioner Zazzali said and emphasize further, and to go back to something earlier that Mr. Goldstock said, that I believe we should be focusing on criminal activity and not the individual group.

Without a doubt in my mind, narcotics is the number one problem in this country. It dwarfs all other criminal activities, moneywise and societal harm to our citizens. I believe that we should focus on that criminal activity regardless of what groups are involved in it. And I will sit here and admit that the priority should be on the LCN, that they are a significant problem and we should focus on them.

But by the same time, I would like to see some resources put into some other areas where they would be doing some good on the number one problem in country, and as far as money making capabilities, on the President's Commission we did a survey to determine the income of organized crime and in the area of narcotics, when it came to marijuana, heroin, cocaine and the other dangerous such as pills, all four of them were the biggest money makers. And if you combine them all together, there was more money made in the narcotics area than in all other criminal activities combined.

Senator NUNN. I will ask you one other question. The military has had random tests on drug use for several years now. They have had, according to their testimony, a very large degree of success. Of course, that is a controlled environment. They control the activities. They can time the tests, so it is different than in the civilian world.

The Navy testified the other day—or at least an Admiral told me—that they had gone from 35 percent drug use in his command to about 3 or 4 percent, based on random tests. He felt that the deterrent effect was very significant.

Is it time for any kind of debate in the country about whether we want to start random-type testing on the users?

Mr. GOLDSTOCK. One of the major problems with certain types of criminal activity or social problems is not the result of the social problem itself but what it causes the public to do to combat it. Very few of us are going to be the victim of a terrorist attack and yet all of us have to pass through airport detectors and give up some of our rights of privacy. And we do so willingly because we fear the problem of terrorism. Yet it is somewhat scary that we do give up those rights so quickly.

I am more than a little concerned about giving up other rights in order to combat drug trafficking. I hope we never have to reach the point of universal drug testing, although I think that in certain control and specific areas, such as the military and public safety, it is probably makes sense now. If the problem gets much worse it may have to be done for everybody. I would hate to see that day. That is one reason why courts and legislatures ought to make realistic and practical pronouncements in less drastic areas.

On the other hand, if the question is public debate, I think there always should be public debate, and to the extent that it focuses attention on the demand side rather than the supply side, I think that is of critical importance.

Because we are not going to seal the borders, we are not going to put enough pressure on foreign governments, we are not going to have the military interdict enough to make a difference. And even if we could, 9 out of the 11 most abused drugs are homegrown or manufactured in the United States.

Senator NUNN. We are increasingly producing those drugs in this country.

Mr. GOLDSTOCK. That is right, so that even if we could seal the borders, we are not going to end the problem.

What we need to do for drug abuse is to stop the demand. Drug testing may be one way to effect demand, but there are others as well. Education is certainly a part. There can be forfeiture proceedings against users. There could be sales of phony drugs by police. We could look to arrest the buyers.

I think there are a lot of things that can be done to address the demand side. Universal drug testing may be one of them. It is one that I would hate to see have to happen.

Senator NUNN. Thank you, Mr. Goldstock.

Mr. Zazzali, we will close with your answer on this one.

Mr. ZAZZALI. Number 1, I believe the time for the debate has arrived, in answer to your question. Number 2, I am not sure as to whether the debate is resolved in the affirmative or in the negative, and that is precisely the purpose of a debate.

Mr. Goldstock in so many words has indicated that perhaps we are in agreement here. Ten minutes ago I alluded to the need for perspective and balance.

Certainly in the area of the military and law enforcement, I apart from whether draconian measures are necessary, a different test applies. The courts seem to be coming down that way. The Supreme Court has not yet with any kind of finality addressed the question. The appellate courts are indicating that the test is reasonable suspicion. In non-military or non-law enforcement contexts,

if there is reasonable suspicion, an employer can compel an employee to take the test.

Without getting into detail, I have a decent regard, I would like to think, for constitutional rights and civil liberties I always hope to have that concern. But because of this enormous drug problem to which both Mr. Goldstock and Colonel Dintino and I have referred to today, we are rapidly approaching the day when critical decisions have to be made, whether by the Congress or by the courts.

But a continuing debate is one way to get the right answer.

Senator NUNN. I have been to a number of local communities in my State and tried to get the law enforcement, health, education people together so that we could community by community start stimulating that kind of cross current between supply-demand treatment which I think in too many communities does not exist. In some it does.

Nevertheless, in almost every community I go into among people who are most concerned, this subject comes up—should we begin random testing? And the discussion is mixed.

It is a very sensitive subject. There are liberties involved. There are liberties that would have to be given up and, of course, you would not want to do it on a nationwide basis. If you were even going to begin it, you might want to do it on a pilot project basis and it might be even voluntary and it might be confined to certain groups, certain schools.

But I do find that at the grassroots level that discussion and that debate has started. It has probably started there much more than it has at the Federal level or probably even the State level.

I thank all of you for being here. You have been very helpful. We appreciate your being here. We appreciate your cooperation and we will continue to rely on your for assistance as we proceed.

We will have our next hearing tomorrow morning at 9 a.m. We will have Mr. Joe Pistone, Former Special Agent, Federal Bureau of Investigation. We will also have the Honorable Edward Dennis, Jr., U.S. Attorney, Eastern District of Pennsylvania, and we will have a panel with Mr. Thomas Sheer, Assistant Director in Charge, and James Kossler, Supervisory Special Agent, Federal Bureau of Investigation, New York Division, New York.

Thank you, gentlemen, we appreciate it.

[Whereupon, at 11:10 a.m., the Subcommittee adjourned subject to the call of the Chair.]

# ORGANIZED CRIME: 25 YEARS AFTER VALACHI

FRIDAY, APRIL 22, 1988

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 9:10 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Sam Nunn (Chairman of the Subcommittee) presiding.

Present: Senators Nunn, Glenn, and Roth.

Staff present: Eleanore J. Hill, Chief Counsel; John F. Sopko, Deputy Chief Counsel; Harriet J. McFaul, Counsel; Richard A. Dill, Detailee/FBI; Leonard A. Willis, Investigator; Kathleen A. Dias, Executive Assistant to the Chief Counsel; Mary D. Robertson, Chief Clerk; Alan Edelman, Counsel; Declan Cashman, Secretary; Harold Lippman, Investigator; Daniel E. Rinzel, Minority Chief Counsel; Barbara Kammerman, Minority Deputy Counsel; Stephen Levin, Counsel; Steve Ryan (Senator Glenn); Debbie Kilmer (Senator Chiles); Rosemary Warren (Senator Sasser); Marianne McGettigan (Senator Rudman); Sean McAvoy (Senator Cohen); and Pat Butler (Senator Stevens).

## OPENING STATEMENT OF SENATOR NUNN

Senator NUNN [presiding]. The Subcommittee will come to order.

We had intended to start with Mr. Pistone's testimony this morning, but he has requested as of yesterday afternoon to have a screen. He does not want to be seen, since there is continuing danger to him, and so we have acceded to his request and, rather than clear the whole room and begin with him, we are going to reorder the hearing this morning. We will have the same witnesses, but we will have a different order, then we will only have to clear the room once, set up the screen, bring in the witness and have his testimony, rather than spending 20 or 30 minutes here clearing the room. So we will start with the FBI and then we will have our next witness and then we will go to Mr. Pistone probably in the neighborhood of about quarter to 11 this morning.

Our first panel of witnesses are the former Assistant Director in charge, Thomas S. Sheer, and Supervisory Special Agent James Kossler, of the FBI's New York Division. Mr. Sheer and Mr. Kossler will discuss the successes and setbacks that the New York Division of the FBI has encountered in its investigation of the La Cosa Nostra. They will highlight the manner in which they have successfully employed the enterprise theory of investigation against the major organized crime families in the New York area.

Mr. Sheer and Mr. Kossler, we appreciate your being here, we appreciate your cooperation. I know you are going to have a slide presentation this morning which will be the main form of testimony, but we swear all the witnesses before the Subcommittee, so before you begin I will ask each of you to stand and raise your right hand and take the oath.

Do you swear that the testimony you give before this subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SHEER. I do.

Mr. KOSSLER. I do.

Senator NUNN. Thank you very much. We are delighted to have you and we will be pleased to receive your testimony.

**TESTIMONY OF THOMAS S. SHEER, ASSISTANT DIRECTOR IN CHARGE (RET.), ACCOMPANIED BY JAMES KOSSLER, SUPERVISORY SPECIAL AGENT, FEDERAL BUREAU OF INVESTIGATION, NEW YORK DIVISION, NEW YORK, NY**

Mr. SHEER. Thank you very much. Mr. Chairman, I am pleased to appear before the Subcommittee today. What I intend to do is provide you with an overview of the evolutionary process that has taken place in the New York Office of the FBI.

I am here to talk about the evolution of the FBI's efforts against the LCN in New York City. I intend to read into the record my statement.

The La Cosa Nostra in the United States, the LCN, is rooted in the five New York City families, and our successes against those families are rooted in the investigations conducted by the FBI over the past 30 years. Despite a narrow jurisdictional base, in the 1950's and the 1960's, numerous dedicated agents gathered volumes of important intelligence information that has laid the foundation for prosecutions of the LCN hierarchy today.

Although organized crime investigations have been a high priority of the FBI, they have been more successful than others. Our investigations of the 1960's, for example, were successful against individual LCN members, but had no impact on the organization's infrastructure.

In 1968 and 1970, Congress gave the FBI two of the most important weapons used in our current attack on the LCN. The passage of title III of the Omnibus Crime Control and Safe Streets Act of 1968 gave the FBI statutory authority to electronically intercept criminal investigations. This was a great first step.

With the enactment of the Organized Crime Control Act of 1970, Congress further expanded the use of title III and gave law enforcement a very effective tool to fight organized crime—the Racketeer Influenced and Corruption Organizations statute. This major component of the Crime Control Act was the most comprehensive and powerful tool we had, but, unfortunately, for over a decade that tool remained the least used of the weapons in our arsenal.

During the 1970's, our effective organized crime investigations evolved slowly. For example, in the early seventies, our focus was on illegal gambling, with the purpose of eliminating gambling

funds as a way of financing organized crime. This was a short lived and not very effective effort.

In 1978, the FBI's investigations of LCN control of the International Longshoremen's Association, known as UNIRAC, reinforced this conclusion. This nationwide probe resulted in numerous indictments and convictions and at that time was the FBI's most successful multidivisional organized crime investigation.

By 1979, the management team at the New York Office of the FBI realized that our efforts were not successful in really attacking the families in a meaningful way. There was a period of time when we conducted a self-analysis of our effort and we produced the conclusion that our intelligence base was inadequate and outdated, and, probably more significantly, there was no overall plan or any grand strategy to commit ourselves to.

We implemented an analysis, if you will, a snapshot of the LCN or a portrait of the LCN in New York City at the turn of the decade, and from that analysis developed a strategy that featured an all out, simultaneous assault on the hierarchy of the five LCN families in New York, a frontal-assault, if you will, attacking all five families at the same time.

The plan had a long-range objective to reduce the sphere of influence of the five families by the development of prosecutions focusing on the families as criminal enterprises. The organizational structure of the New York office was changed so that we could mirror those five families.

The plan became operational in 1981 when a multifaceted, multidivisional FBI investigation was launched against the Bonanno LCN family. The investigation used information from Miami, Tampa, and Milwaukee FBI offices, in addition to New York, as well as numerous title III wiretaps focused on the hierarchy of the family. Our successful prosecution devastated the Bonanno family.

The key to this success was the realization that the plan had to be followed, that adequate resources must be dedicated, that the effort must be sustained and the approach must be disciplined without deviation, and with strong lines of communication maintained between the investigative units and the prosecutors. What was learned from this effort was to be used again and again against other LCN families in New York and around the United States.

While the Bonanno family investigation was ongoing, similar efforts were under way against the other four families, the Colombo, Gambino, Luchese, and Genovese families. Numerous title III wiretaps disclosed that these families controlled segments of the Laborer's International Union of North America, the Hotel and Restaurant Workers, the International Brotherhood of Teamsters, and the International Longshoremen's Association.

The industries affected included the construction, trucking, poultry, food distribution, air freight, gasoline and oil, and the carting industry. Successful prosecutions have been effected in the air freight, gasoline and oil, construction, and carting industries to date.

By mid-1983, we were well along our way. However, we never fully anticipated the human resources required in these labor-intensive, long-term project-type investigations. That effort was stag-

gering. We reached a point by mid-1983 where we were missing tremendous opportunities, quite frankly because we could not support those opportunities with manpower. FBI Headquarters supplied temporary agents from other field offices and within the New York Office itself we diverted tremendous amounts of resources from our other investigations, other priorities and at significant costs to those other investigative areas, but we still did not have the workforce.

We found the answer by joining with the New York State Police Department, formalizing a series of task forces. Those task forces have proven to be of utmost importance to our attack on organized crime. They have given us the additional resources, they have given us an augmented intelligence base, and a fresh, often enlightening, insight to the problems and solutions for this effort.

When I left the FBI, there were eight Organized Crime Task Forces in effect in bringing to bear on organized crime the combined efforts of the FBI and detectives of the Organized Crime Control Bureau of the New York City Police Department.

The effective planning, dedication of resources, and commitment to this effort over the long term resulted in some of the most significant organized crime investigations and prosecutions ever brought by the New York Office of the FBI. Over the past 5 years, these efforts have led to the conviction of 4 bosses, 3 underbosses, three consiglieres, 19 capos, and 51 soldiers of the La Cosa Nostra.

As I previously stated, the investigation of organized crime by the FBI has been evolutionary. The enterprise theory of investigation is now the road map by which we conduct not only organized crime investigations, but all investigations involving criminal organizations. For example, our Terrorist Task Force utilizes this same approach against terror groups, and our white collar crime squads follow this theory in the investigation of corruption.

While successful prosecutions are the primary objective of the FBI, our responsibilities go beyond investigation and prosecution. We believe that it is our duty to identify and solve significant crime problems. Often, prosecutions only impede criminality and the cause of the problem remains. However, through the use of civil RICO, we are seeking to remove permanently the influence of organized crime from our legitimate labor unions and institutions. The goal is to restore the rights of the worker and to allow free enterprise to function as our forefathers intended.

Following up our successful criminal prosecutions, the FBI and the U.S. attorney's offices in both the Southern and Eastern Districts of New York have brought civil RICO actions against the Colombo family to end its involvement in the District Coucil of Cement Workers of the Laborers International Union of North America.

In an action now pending in Federal District Court in the Eastern District of New York, we are asking the court to prohibit the Bonanno family from recruiting new members, to enjoin them from certain illegal activities, and to bar their involvement in Local 814 of the International Brotherhood of Teamsters. And most recently, a civil RICO action was filed in the Southern District of New York seeking to eliminate the criminal control at all levels in the Fulton Fish Market.

Senator NUNN. Let me ask you a question, Mr. Sheer. What you are doing is using the RICO statute, as I understand it, having established the criminal enterprise-type theory, to get the court to enjoin certain activities that would otherwise not be illegal, is that correct? For instance, recruiting new members by the LCN is not a violation of the law per se.

Mr. SHEER. That is correct.

Senator NUNN. Correct?

Mr. SHEER. Yes, sir.

Senator NUNN. Also, involvement in Local 814 of the International Brotherhood of Teamsters is not a violation of law per se, is that correct?

Mr. SHEER. That is correct. The vehicle we use is the intent of the LCN. The LCN itself we identify as a criminal enterprise created, established and maintained to commit criminal activity.

Senator NUNN. So that is one of the most vivid examples of the use of the RICO statute, is that right?

Mr. SHEER. Yes, sir.

Senator NUNN. You could not do that without the RICO statute?

Mr. SHEER. That is right. Yes, sir.

Senator NUNN. Thank you.

Mr. SHEER. May I finish?

Senator NUNN. Yes, go ahead.

Mr. SHEER. RICO criminal forfeiture strikes at the core of the criminal enterprise's power by taking from the organization the money and property that is the source of much of that power. This past summer, the New York Office established a team of agents dedicated to identifying and forfeiting the assets of these criminal organizations. The asset removal team will be an integral part of our investigative efforts.

The FBI views its short-range goal as that of reducing the LCN influence with a long-range goal to remove the LCN as a significant threat to American society. I firmly believe that the agents presently working organized crime matters are building upon the FBI's successes and using this momentum to achieve the long-range goal ahead of schedule.

Mr. Chairman, that is the conclusion of my prepared statement. I would like to make one small addition, and that is to highlight at this time the cost of these investigations to the Subcommittee in terms of what is happening to the FBI in New York, specifically the agent and support employee resources in light of the cost of living changes. I will be short.

In leaving the FBI my last year was spent trying to alleviate what has become an almost unbearable burden for the employees of the FBI in New York City in terms of cost of living. The FBI investigative and administrative system, infrastructure, if you will, depends to a great degree on a fluid movement of agents and support employees from field office to field office in response to the needs of the organization.

What that has created in New York is an influx of agents relatively young at the lower end of the pay scale coming into the highest cost of living area in the United States. That translates into forcing them to move further and further away from the city where they can find housing, which translates into 3- and 4- and 5-

hour commutes on a daily basis just to maintain the work schedule. That has impacted on our ability to work this sort of work.

We no longer can have an agent population that has to live 100 miles away responding in the same fashion, with the same degree of effectiveness and efficiency that we had 5 and 10 years ago. Something has to be done to correct that process.

Senator NUNN. Do you have any special cost of living adjustments for a high cost of living area within the FBI salary structure?

Mr. SHEER. Currently, no, in the Continental United States. They exist in Hawaii and Alaska.

Senator NUNN. In other words, and FBI agent in New York City gets the same pay——

Mr. SHEER. Yes, sir.

Senator NUNN [continuing]. Exactly the same pay, based on grade and service and so forth, as they would if they lived in Delaware or Georgia?

Mr. SHEER. Yes, sir. There is an accelerated promotion policy, but that only affects the agent population for a very short period of time. You are correct, there is an imbalance. The agent working in Butte, MT, makes the same salary as the agent working in Manhattan.

Senator NUNN. Is that true throughout the whole Federal salary structure? Is that true for all the other——

Mr. SHEER. There are some exceptions, Senator. Some Government agencies have been able, within their own agency, to alleviate the problem to a degree. There is no cost of living differential that I know of in the civilian sector of the Federal Government.

Senator NUNN. We found that that was happening in our military about 7 years ago, 7 or 8 years ago, I guess the latter part of the 1970's, particularly Navy bases, where they were near the seashore and very high cost of living areas, housing and so forth, coming with all the tourists and the condominium trade, and we have made cost of living adjustments in the military, so there are housing adjustments. And you are saying you do not have anything like that in the FBI?

Mr. SHEER. No, sir. There are attempts being made now to correct that problem. The purpose in me bringing it up today is to implore you to consider that problem when it is presented to the Congress.

Senator NUNN. Well, it is a good point and it deserves consideration. We thank you.

Mr. SHEER. Thank you, sir.

I would defer now to Mr. Kossler, unless there are any questions.

Senator NUNN. Mr. Kossler?

Mr. KOSSLER. Senator, I have been asked to explain to you the enterprise theory of investigation and how we use it in the New York Office of the FBI. If I could, before I get into the enterprise theory of investigation, which emanates from the RICO statute, I would like to give you just a quick overview of what the RICO statute does and how we use it and what it means and what we need to prove to use the RICO statute.

First of all, we must show and collect evidence of the existence of an enterprise. We use this term "enterprise" very loosely some-

times, but an enterprise can be anything that can be constructed through evidence. It can be a Mafia family, it can be a group of individuals who are associated in fact, who are grouped together to commit crimes. The structure of an enterprise can be whatever the prosecutors and the investigators see the evidence to be.

The second point which I would like to bring to your attention is that, in order for the RICO statute to function, each of the individuals in the enterprise must commit at least two criminal acts enumerated by the statute. These two criminal acts must be within a 10-year period of the date of the indictment. That is basically what the RICO statute is all about, two simple things, prove the existence of an enterprise and prove that the individuals who make up that enterprise committed two separate acts of racketeering or, as we call them sometimes, predicate acts.

With that in mind, we have developed a system of investigation which we know as the "enterprise theory of investigation," and what that does is force us to think about collecting evidence of the existence of enterprises and the subsequent criminal acts.

Now, what is different between that and what we did 15 years ago or before the enactment of the RICO statute? Even after we received the RICO statute in 1970, it took a great deal of time for the organization of the FBI and the court system, as well as the prosecutors, to understand the legislative history and the theory behind the RICO statute.

Fifteen years ago, maybe even 10 years ago, when information came to us about criminality on the part of an individual, we many times treat that criminality as an individual criminal act committed by an individual on a specific day. For example, if we had information that someone was involved in an extortion of a contractor, we may go to the contractor to get his cooperation and thereby try to collect evidence against the extortionist and go to court and prosecute that individual.

What that did was to create a promotional system within the La Cosa Nostra or the Mafia where the next person would come along and continue to commit the same extortions. We came to realize that if one person is out committing extortions with one individual, he is probably committing extortions with many other people and probably is in the business of committing crimes, and if he is in the business of committing crimes in New York City, he must have somebody that he reports to, he must have a supervisor as such.

So the idea is not to look at the individual criminal act by an individual on a specific day, but to look at the totality of the criminality and the size and scope of the enterprise that approves that criminal activity. Therein lies a great deal of change about how we approach the attack on organized crime.

We started to realize that taking out individuals or individual crimes was not efficient, was not effective, and was not doing the job against the LCN.

The four factors that we have come to learn in order to conduct an enterprise theory of investigation project, the first thing is that we have to clearly define what the criminal problem is, and we do that through our intelligence base, and I will discuss that later.

The second thing that we have come to learn, and something that law enforcement has not done historically, is to think about

planning, to plan investigations once we begin them. We are very much into planning investigations at the earliest stages. We get into written plans which change during the course of the investigation.

We realize that when you go from individual crimes to a myriad of crimes, you must also dedicate adequate resources. As part of the planning process, we identify what the resources are that are needed and we build that into the plan.

And lastly, and something that is maybe foreign to us and has been for years, is that we have to recognize that the resources must continue to be applied to the criminal problem until the problem is solved. It may take 6, 7, and in some cases we have had investigations ongoing for up to 10 years and the problem still has not been solved.

Let me, if I may, give you a briefing on the breakdown of the enterprise theory of investigation. As I mentioned, this is a systematic approach to investigation.

Senator ROTH. Mr. Chairman, because of the light, it is impossible to see the chart. I wonder if we could——

Senator NUNN. It might help if you would hold that chart up so that it blocks the light off, right between us and the light there. That is it. Get it a little bit higher. Now move it over a little bit. That takes care of me, I do not know about Senator Roth. [Laughter.]

Senator ROTH. As long as the chairman is OK.

Senator NUNN. Can you see it now?

Senator ROTH. Yes, I can see it fine.

Senator NUNN. That is much better.

Mr. KOSSLER. Every investigation begins with a predication. We have to establish a firm basis for an investigation. There are two ways that is done. One way would be to have a complainant, an individual who comes to us or is referred to us and describes a criminal problem that he is aware of or he is involved in. He may be a victim, he may be an informant in some regards, but usually this is a minor way of beginning an investigation.

The major way in which we begin an investigation is through an analysis of our intelligence base. What is the intelligence base? The intelligence base is all information we have available to us. That would include informant information, that would include information that is already in our files from prior investigations, it could include prior surveillance information we have in our possession, it could include electronic surveillance information that was possibly not used in the court system, it could be information from other witnesses that was developed as collateral information. It can be public source information, it can be information brought to our attention by the media. This is basically the intelligence base that we analyze to determine what significant criminal problems exist, and usually our investigative efforts emanate from the intelligence base.

We make a very clear point while we are conducting an investigation to identify and catalog other problems that we identify. For instance, if we are investigating labor racketeering in a particular industry and through the course of that we find out that there is other criminality going on in a collateral industry, we will identify

that as something to be addressed when we have adequate resources to do that.

Informants: Under enterprise background, you will notice the block where we begin an investigation, and this is the rudiments of the investigation. Informants are very key to investigations. They tell us many things. They can tell us who is involved in the enterprise. They can tell us what does the enterprise do, what crimes are being committed, who are the victims of the enterprise, what industries are affected. They can tell us where the activity that the enterprise is engaged in occurs. They can give us specific details which can be later used for probable cause to further the investigation. They are probably the life blood of an investigative effort, particularly against organized crime.

Informants are key to us throughout the investigative process, and as I go along you will see that we continually go back to informants.

The next step or a step that is taken at the same time we are talking to our informants would be to go into our files and find out what we already know about the criminal enterprise that we are beginning to investigate. It may be that we have information that is gathered through voluminous files that we have kept over the years of singular criminal activities that we can pull together to get a better picture of the enterprise.

For instance, a gambling investigation that was looked upon as only a gambling investigation now becomes very significant to us when we look at that group of people who are involved in gambling as part of an enterprise, because now we are looking at that enterprise as conducting gambling and other activities that we are aware of.

File reviews can also be used and are used to make assumptions. For instance, if our file reviews or past history that has been documented indicates an involvement by people in the enterprise in loansharking, the assumption we can make is that they are continuing to be involved in loansharking and it will expand the investigative activity. At that point, we may go back to our informants and say we understand this group is involved in labor racketeering and gambling, what else are they involved in, are they still loansharking, and then through the informants' active participation we will try to corroborate that. We try to use that to identify the enterprise and expand on the enterprise as is necessary.

We will then, as we have identified the members of the enterprise, begin background checks on them, and that would usually involve public source records or records that are available to us. We would want to do a criminal check on each of the members of the enterprise, to determine what prior criminal activities they were involved in. We would want to do a check on the motor vehicle registrations to find out what kind of cars they have, what kind of driving record they have. It tells us more about the individuals in the enterprise. Real estate records, if we find out where an individual lives, we may start to identify information from the real estate records.

Military records and if an individual is part of a labor union as well as a part of a criminal enterprise, we will check with the Department of Labor and get information they have. We will also

check with the local police agencies to determine what records they might have as well.

At the same time we are doing this, we are attempting to identify the assets of the individual within the criminal enterprise, and the reason we begin this at the early stage is because if we wait until later on when we are ready to prosecute, we may not have taken the steps necessary to identify the assets. So we make a very clear point at the earliest stages of the investigation, we attempt to identify the assets of all the individuals who we feel are a part of the enterprise, not only——

Senator NUNN. Excuse me just a minute. One of our most valued staff members is now showing considerable fatigue, so we are going to ask him to put the chart down. We have read it now, so we thank you, Len.

Go ahead, Mr. Kossler.

Mr. KOSSLER. That is what I would call the earliest stages of the investigation. We would move into a little bit more sophisticated investigative effort with what I would call Evidence Collection Level I.

Heretofore, none of the information that we have obtained is necessary through any court action. There were no subpoenas needed, most of it is in the public records. When we move into the more sophisticated level of evidence collection, we are also looking at evidence that can be used later on in the court proceedings.

One of the first things we may consider doing is asking our assistant U.S. attorneys or our strike force attorneys for subpoenas for toll records for the individuals who we have identified or we are making assumptions are part of the criminal enterprise. Toll records of phone calls are very significant to us. They do several things. First of all, an analysis of toll records by people within the enterprise will show connections between those individuals. For instance, if Sam calls Pete and Pete calls John and John calls Sam in a series of phone calls, in analysis, we can show through that analysis an interrelationship between those individuals. It can be used later on in the courtroom as evidence to prove that the enterprise existed because we can show the interrelationship and the contact between the individuals.

They also can be used to expand the enterprise, because through the analysis we may be able to identify new people whom we did not know were in the enterprise when we began the investigation. It can be used as well to identify victims of the enterprise, through telephone contact, through physical surveillance and through contact with our informants, we may be able to determine who the victims are.

Now, I want to emphasize two things, and I think you may have a chart in front of you. There is an arrow that goes back and forth between evidence collection and enterprise background. What occurs as we continue the investigative process is that, as we collect toll records, for instance, which is one step, we may then have to go back to our file reviews, to our informants to get more information, so that the investigative process must have synergy, and the workload will continue and increase because of the new information that comes to our attention. So the beginning process, the

beginning steps, the enterprise background is key throughout the investigative process.

One of the next things we may do is to ask the court, after an analysis of toll records, for a device which is known as a pen register. The pen register is an electronic device that can be placed on a telephone line and, as an individual makes a telephone call, it will record the date, time, and the phone number of the individual that he is calling. This is important for timeliness. Toll records are usually historical because you only get them after the fact, after a billing date is completed, and it may be a 6-month period before you get them. Pen registers will give you the information immediately and as an investigation is progressing, it is very important to us to have this information very quickly.

Another very, very important investigative technique is the use of physical surveillance. In organized crime investigations, physical surveillance is many times the key to firming up the existence of an enterprise. Not only do we use the things I have talked to you about before, but physical surveillance observations, photographs of key people within the enterprise meeting together, talking together, is tremendous evidence at court. You combine that information with the pen register and phone record information and you have very strong evidence to prove to a court that an enterprise exists, and many times physical surveillance can identify furtive behavior on the part of individuals which can be used later as probable cause.

Prior convictions: Many times it is overlooked that prior convictions are important to establishing two things. When a group of people who are part of an enterprise, when you find out what prior criminal records they have and what prior convictions they have, you do two things. If in fact five people in an enterprise all have been convicted of loansharking in the same case and against the same victims, you have solid court tested evidence that these people have already engaged in criminal activity as an enterprise, and, secondly, if that crime was committed within a 10-year period and we can reprove it again at trial in a RICO trial, that crime will stand as a predicate act against that group. So it is a very important aspect of the law.

Now, at this point the enterprise theory of investigation has two ways to go, and these are not two ways that are independent of each other. These are two ways that have to be commingled from time to time, and something that we have to analyze continuously.

We can either go overt with an investigation or covert. Overt would mean that we would go out on the street, like we did in the old days, and start knocking on doors and try to get people to give you evidence that you can use to prove what your assumptions are in court. That is the type of investigation that is usually done in a bank robbery investigation or a hijacking investigation, where there may be witnesses to a singular crime. It is not always something that is very well done in an organized crime investigation. Usually, the people who may be witnesses are in fear of their life to testify.

We could subpoena records. If we have an investigation of a loanshark or loansharking—loansharking is not a good example—of labor racketeering, infiltration of a legitimate business, we may

want to ask the court, have the U.S. Attorney issue a subpoena for certain records. We are going to execute search warrants. We have developed probable cause based upon the information available to us, through informant information, physical surveillances. If we have determined that there is a gambling operation going on, that we can prove is part of a criminal enterprise we are investigating, we may want to execute a search warrant on that gambling operation and collect that evidence to show that the enterprise is involved in that type of crime. We may do the same thing with a loansharking operation.

Along the way, we may determine that we need expert witnesses. An ideal example of that would be in the field of labor racketeering, where we may have to have accountants who are experts analyze particular records to find out if in fact and where money was taken from to pay for the labor racketeering kickbacks. And of course forfeiture, which is something we usually do at the end of an investigation, would be an overt act.

On the other side of the coin, covert-type investigation would include electronic surveillance. That includes electronic surveillance on telephones or microphones that are placed with court orders, it includes closed-circuit TV, and many times would involve consensual monitoring where we have an individual who is cooperating with us that would be willing to record various conversations.

The use of undercover technique is also something that would be utilized at this time. Now, I want to point out that none of this is mutually exclusive of each other. If we engage in an undercover operation, we will certainly use consensual monitoring by the undercover agent or the cooperating witness that we have developed in recording the conversations of the criminal activity. We may use that as the basis for title III application, which is electronic surveillance. We may use these things together. CCTV, which is the closed-circuit TV, will show us various activities that go on. An analysis of that activity would be also the basis for electronic surveillance. All of these things work together in an enterprise theory investigation.

Along the way, we are continually evaluating the evidence, we are continually evaluating the members of the enterprise, we are continually trying to determine what criminal acts they are involved in, we are in discussions continually with the assistant U.S. attorneys or the strike force attorneys to keep them up to date on the progress of the investigation. It is something that is very manpower intensive. We no longer will conduct an investigation with one or two agents. It may take 10 to 15 agents and detectives three or four years to conduct this kind of investigation.

If I may, I would like to show you some examples of enterprise evidence that we have collected as well as some examples of predicate acts or criminal activity that we have recorded.

[Slides shown.]

This is a slide of a physical surveillance that was made by FBI agents on May 15, 1984. [See Exhibit No. 37a on p. 861.] This is an example of where an informant was able to tell us that a commission meeting was to take place.

The individual on the left, in the black sweater, is Frank Decicco. Frank Decicco is acting as the chauffeur in this situation. These

gentlemen are leaving a residence at 34 Cameron Avenue, on Staten Island.

Decicco, up until 1987, was the underboss of the Gambino organized crime family until he was blown up in his car in Brooklyn.

The next gentleman on your right is Generro Langella. At the time of this photograph, he was the acting boss of the Colombo family, is presently serving over 140 years in prison for his involvement in not only the Colombo family but the commission of the La Cosa Nostra.

The individual in the checkered jacket was Thomas Biloti. Thomas Biloti who preceded Frank Decicco as the underboss of the Gambino family, was shot down in December of 1986 on the streets of Manhattan, with his boss, Paul Castallano.

The last individual you can see to the right is Ralph Scopo. Ralph Scopo was a soldier in the Colombo LCN family as well as the President of Local 6A of the District Council of Cement Workers in New York.

These individuals were meeting at this location, along with others. [See Exhibit No. 37b on p. 862.] Again, you see Frank Decicco on the left going to get his car. The individual in the middle I would prefer not to identify because of pending court cases, but the individual on the right, with the white hair, is Salvatore Santoro, also known as "Tom Mix" who at the time of this photograph was the underboss of the Luchese organized crime family. This individual is Anthony Salerno or "Fat Tony." [See Exhibit No. 37c on p. 863.] Fat Tony, at the time of this photograph, was the boss of the Genevese organized crime family. He is being led to his car by Carmine Delacava, a member of the Genevese family and also a fugitive at this point. [See Exhibit No. 37d on p. 864.] Mr. Salerno has been sentenced to 100 years in jail.

Lastly, the gentleman at the top on your right is Paul Castellano. [See Exhibit No. 37e on p. 865.] At the time of this photograph, he was the boss of the Gambino organized crime family.

These photographs represent evidence of the enterprise known as the LCN Commission. There are other photographs of individuals who for times' sake did not show. Each of those people are members of individual families who have particular expertise in the area of construction. They are either construction or union types who are there to assist their bosses at a commission meeting over the construction industry in New York City.

This was a key piece of evidence, these slides were a key piece of evidence in the commission case in New York and it was the first time that anyone had ever actually photographed a commission meeting, either in process or having broken up.

Another type of evidence of enterprise was recorded in December—I am sorry, I do not have the date of that—it was in 1981, I think it was in 1981, in which Frank Falanga, an associate of Tom DiBella, the former boss of the Colombo family, is telling an individual named Vinnie the history of the Colombo family. If I may, you have earphones in front of you and it may be better for you to listen.

First of all, there is a switch on the side, you have to push the switch forward.

[See Exhibit No. 35 on p. 852.]

Mr. KOSSLER. This tape was played at the trial of the Colombo family. Some of the words you may have noticed in there were words like "skipper" which is a slang word by the LCN to refer to a boss or a capo of a family. Some of the people they mentioned, like "Junior," Junior is Carmine Persico, who is presently serving 140 years in Federal prison for his involvement in the LCN Commission as well as involvement in running the Colombo family.

These two examples are what I would call enterprise-type evidence. I would like to be able to show you two examples of evidence which we would call predicate acts or criminal acts, and these will be recorded conversations.

The first conversation was on December 11, 1981, between the same Frank Falanga, also known as "Frankie the Beast." By the way, Frankie the Beast was convicted in the Colombo family trial and was committed to prison at the end of that trial and died in jail the next day with a heart attack.

Frank is discussing with Vinnie a loanshark debt that is owed to him by an individual who runs a pizza shop. He discusses the amount of the loan, he says that the loan is legit, but he also discusses what he is going to do to this pizza owner if he does not pay him.

[See Exhibit No. 35 on p. 852.]

Mr. KOSSLER. You will notice that there is a reference to "you got a friend," he is talking about the loanshark victim, he tells him that if you have a friend you had better talk to him. He is talking about another member of organized crime, that if the pizza parlor owner has somebody in organized crime that he can go to, he had better go to him.

This next segment is a March 19, 1984, title III intercept in the car of Ralph Scopo, whom you saw in the Commission slides. Scopo again was a soldier in the Colombo family and president of local 6A of the Cement Workers. He is meeting with an individual named Sally D'Ambrosia, who is a contractor who wants to build some buildings, wants to get a contract to build some buildings at JFK Airport.

D'Ambrosia comes to Scopo to ask him what he has to do to get these contracts, recognizing that Scopo has control over this. Some of the terms you may hear are GC, which stands for general contractor. He refers to "every family," meaning every LCN family. He mentions two points, which is 2 percent of the contract that has to go back as a kickback, and he mentions "the club," and what the club is is an illegal group of contractors under the auspices of the LCN, the La Cosa Nostra, and the union that ban together to fix the price of each contract, and in doing that the contractors must pay 2 percent back to the Mafia or the LCN.

[See Exhibit No. 35 on p. 852.]

Mr. KOSSLER. Mr. Sheer has indicated to you that we have task forces of FBI agents and detectives from the New York City Police Department's Organized Crime Control Bureau. One of these task forces is a task force that is focused on nontraditional organized crime activities, which would include Cuban, black, Chinese, or other Asian organized crime groups.

In employing the enterprise theory of investigation, in 1986, and using the combined resources of the FBI and the New York City

Police Department, an investigation ensued for six months and search warrants were conducted under the enterprise theory of investigation where we looked at the total criminality of the organized criminal group. We executed 500-plus search warrants, using 2,200 agents and detectives, all deployed at one time and within 17 minutes completed the searches, resulting in almost total disarray to the gambling business of this Cuban organized crime group.

If I could, I would just like to show you some clips of a video that was taken of that effort.

[Video tape played.]

Mr. KOSSLER. The result of this effort caused "The Company" to close up. The New York City Police Department, which had police enforcement teams, whose sole responsibility was to conduct investigations and curtail this type of activity, made a decision to do away with their policy enforcement team because there was no longer the blatant gambling effort going on in the New York City area.

Lastly, I have been asked to give you a quick overview of the evolution of how we got to where we are today in organized crime in New York. I believe I have a chart here with the evolution.

As Mr. Sheer mentioned, in 1981 we began a concerted effort to attack the LCN and its power base. We had very few resources at that time and because of various analyses that was done of the information at our disposal, we chose to use those resources to attack the hierarchy and the infrastructure of the Bonanno LCN family.

This project was called the Genus Project, and what we did was through a detailed planning process we deployed our resources almost totally against the Bonanno family. As a result of that, one of the areas of interest was the Sicilian faction of the Bonanno family which we called Genus Cattails. Genus, of course, is Latin for family. Cattails was the code name that represented the Catalano faction of the Bonanno family.

We have all come to know that investigation as the Pizza Case and it was part of the initial plan against the LCN. The Bonanno family investigation, which was very successful—and Mr. Pistone I am sure will talk to you later on about it—was prosecuted, the hierarchy of some of this family was prosecuted and incarcerated.

We turned our attention, using the similar undercover operation we used in the Bonanno family, towards Mr. Frank Falanga, whom you just saw on the video tapes, and his association in the Colombo family. Using the same plan to attack the hierarchy of the family and with added resources that FBI Headquarters provided us, we began a four-year investigation of the Colombo family, with the intent of taking out the hierarchy of that family.

At the same time, we began a similar-type investigation of the Genovese LCN family, where we began to use the enterprise theory of investigation against that hierarchy, as well as the Gambino family. At the same time, we were conducting an investigation of these three families, the New York State Organized Crime Task Force, who we work closely with, was conducting an investigation of the hierarchy of the Lucchese family.

The fact that these investigations were in the same time frame, we were able to collect information of the existence of the commission of the La Cosa Nostra, and pulling that information together

we were able to bring about the prosecution of the commission of the La Cosa Nostra, which you are all aware of.

Our efforts today continue. We still have much more work to do. We still have LCN families that are still functioning. They are hurt, they are in disarray, but they still exist.

I have no further presentation, if you have questions.

Senator NUNN. Thank you very much, Mr. Kossler. That is a very interesting presentation and you gave us a real view of how the enterprise theory works and how the RICO statute can be made very effective. It is my understanding that you and your team have really taken the lead in discovering the most effective ways to use RICO and we, I think, have been given a good demonstration of that this morning.

I think you have anticipated and answered most of the questions I had. We have other witnesses this morning, so I am going to call on Senator Roth, if he has questions now. We will have questions for the record.

Senator ROTH. Mr. Chairman, I will try to be brief. I do have two or three questions I would like to ask.

The chairman made reference to prohibiting the Bonanno family from recruiting new members in the union, which seems to me a very resourceful means. Can the same technique be used to prevent organized crime from gaining control of legitimate businesses?

Mr. KOSSLER. Senator, we conducted a joint investigation, the FBI and the New York City Police Department, one of our joint task forces, of criminality at the Fulton Fish Market, which is an investigation we call Seaprobe, a 3-year investigation of all aspects of criminal activity of Genovese family involvement in the Fulton Fish Market, which is the center for the seafood industry on the east coast.

The investigation was not prosecuted criminally, but a civil action was brought under the RICO statute, and just last week we received a consent judgment on the part of the individuals who were sued that requires that an administrator be set up and that the administrator will oversee the entire Fulton Fish Market and its related businesses, and there are in that judgment prohibitions against conducting criminal activities that we have uncovered, so we are taking a first step towards that end.

Senator ROTH. A second question; it is my understanding that, in Italy, it is a crime to be a member of the criminal syndicate. Now, as I understand it here, we have to show some direct participation in a criminal act. Putting aside for a moment the constitutional questions which this would raise, would it help law enforcement to consider broadening our law to cover any member of an organized criminal group?

Mr. KOSSLER. I do not know, as you say, about the constitutional issue, but I can say that there is no question that membership in the La Cosa Nostra means that you are involved in the business of crime and there is no other reason to be there other than to be involved in crime and to make money and to get power. If that is illegal, then it is something I leave to you.

Senator ROTH. It seems to me it is worthwhile examining.

My last question is, we have heard a lot of talk here that organized crime has not traditionally been involved in drugs. To what

extent are the LCN families involved in illicit drugs? How influential and to what extent is that important to their operations?

Mr. KOSSLER. For instance, the Bonanno family, which is not a member of the commission of the La Cosa Nostra, was banned from being involved with the commission because it had a policy within its family of allowing its members to engage in narcotics trafficking. The other four families did not want to have anything to do with them.

They do have a policy that states that you are not to be involved in narcotics trafficking, but for the reasons I think you have already heard, because of the fear of law enforcement, that is not to say that there are not individual members of the La Cosa Nostra families who do engage in it. They take it at their own peril sometimes to do this, but if there is money to be made—we have a kind of saying, if there is money to be made, there would be a wise guy behind it, and I think that you will find that that may be the case.

Now, I may add as well something of our analysis, that because of the prosecutions of the old-line hierarchy of the La Cosa Nostra in New York and because the mainstay of the La Cosa Nostra is the control and dominations of the labor unions, the incarceration of these old-line managers, as it were, has left a void and the younger people do not know and do not understand as well the inner workings of the labor movement and how they can use that to their benefit, so they have to be left with other criminal activities to engage in. If narcotics is one of them that will maintain the existence of the La Cosa Nostra, that is something we have to be very vigilant about.

Senator ROTH. Mr. Chairman——

Mr. SHEER. Senator, if I may, there is another perspective that I think should be added. Although Mr. Kossler is absolutely correct in the approach that the Americanized version of the LCN has adopted, distancing themselves officially from narcotics trafficking, they have let out franchises for the importation and distribution of narcotics, specifically in New York, and we saw that graphically in what Mr. Kossler referred to earlier as the "pizza connection." That was a Sicilian version of the Mafia operating under a franchise agreement and to a degree paying off in terms of a tribute to the American LCN brand for permission to operate in New York City.

So, while the American LCN distance themselves from the narcotics trafficking themselves, they allowed it to happen and they received tribute for it.

Senator ROTH. I know our time is passing and I want to thank these two gentlemen. I think their testimony has been very excellent. Thank you, gentlemen.

Senator NUNN. I agree, Senator Roth. We thank you for your service to our country and law enforcement and the security of the citizens of the country and we hope that you will express our appreciation to those who work with you. We appreciate your suggestions and your testimony here today.

Mr. KOSSLER. Thank you.

Mr. SHEER. Thank you.

Senator NUNN. Our next witness is Mr. Edward S. G. Dennis, Jr., U.S. Attorney for the Eastern District of Pennsylvania. Mr. Dennis'

district has been responsible for several major prosecutions in the organized crime area. We are very pleased to have Mr. Dennis with us today and eager to hear his views on the effectiveness of law enforcement's efforts against organized crime in his community.

Mr. Dennis, do you have anyone else with you this morning that you——

Mr. DENNIS. No, I came down by myself, sir.

Senator NUNN. Well, we will ask you to take the oath. We swear in all the witnesses before our Subcommittee. Do you swear that the testimony you give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DENNIS. I do.

Senator NUNN. Thank you very much.

Senator ROTH. Mr. Chairman, I should point out that Mr. Dennis is here under false colors. He is really a Delawarean, not a Pennsylvanian, and we are delighted to see him. His family are old friends of mine and he has certainly been a leader in criminal law enforcement in Pennsylvania. It is nice to have you here.

## TESTIMONY OF EDWARD S. G. DENNIS, JR., U.S. ATTORNEY FOR THE EASTERN DISTRICT OF PENNSYLVANIA, PHILADELPHIA, PA [1]

Mr. DENNIS. Thank you very much, Senator Roth and Mr. Chairman. I really appreciate the opportunity to be here and to talk a little bit about the problems that we have encountered in Philadelphia as far as organized crime or the Mafia is concerned.

We have a saying in Philadelphia that New York is to organized crime what Paris is to fashion, and if New York is like Paris, I guess Philadelphia is a little bit like Marseilles, we do not quite have the numbers in terms of the organized crime members in Philadelphia, but we do have a very substantial problem for Philadelphia, and my statement, which I will not read, really details some of the history of our organized crime mob problem in Philadelphia, starting with Angelo Bruno, who was Don of the Philadelphia mob for quite a number of years——

Senator NUNN. Mr. Dennis, we will put your whole statement in the record, without objection.

Mr. DENNIS. Thank you very much—and who was assassinated brutally in front of his own home in South Philadelphia in 1980, and with that event touched off a series of homicides, 20 or so, that took place over the next 5 or 6 years, as a power struggle ensued in Philadelphia for the leadership of the Philadelphia Mafia.

Along with that, though, law enforcement was not standing still. With the Organized Crime Strike Force in Philadelphia, the U.S. attorneys office, the Federal Bureau of Investigation, its organized crime squad and many others, a number of prosecutions were brought. Those have been outlined in my statement as well.

In Delaware, certainly the prosecution of Frank Sheeran, who was the president of the Teamsters Union in Wilmington, received 18 years for engaging in extortion of business leaders in return for labor peace was one of the notable prosecutions that took place

[1] See p. 732 for Mr. Dennis' prepared statement.

during that 5- or 6-year period. There were a number of others, ranging from extortion, corruption, murder, drug trafficking, any number of crimes that would come under the umbrella of RICO and the RICO statute was employed extensively, as it has been in New York, in prosecuting these individuals.

But I think in terms of my career as a law enforcement official, the high point of that career has been my involvement in a case known as the Rouse extortion case, in which Nicodemo Scarfo, who succeeded Angelo Bruno after a number of assassinations of those who attempted to follow in Bruno's footsteps, really in a bold way attempted to insert the Mafia, the Philadelphia Mafia, into the construction and developing trades and began to emulate New York in terms of much more intensive Mafia involvement in the developing real estate market in Philadelphia, and that attempt took the form of a very overt and bold demand for a million dollars in cash made by a member of the Mafia to a project manager for Willard Rouse, who was developing the Penn's Landing Project in Philadelphia, a three quarters of a billion dollar project to develop the waterfront in Philadelphia, similar to the development that is going on along Christiana River in Wilmington, Harbor Place in Baltimore, the waterfront development in Boston, and this project was really a project that the City of Philadelphia was looking forward to, to attract tourists to the area, to develop jobs, to expand the tax base, and to really provide an economic uplift for Philadelphia.

Fortunately, because of the fact that we had the assets in place—and I want to say that in terms of the success of the prosecutions that we have seen, aside from the work of the law enforcement agencies, we certainly have to give credit to the Senate and to the Congress for providing us over the years with the funding that has been necessary to have the assets in place to bring the prosecutions that we have brought and to be in a position to take advantage of opportunities that arose when that extortion demand was made, because at that point in time, because of our ability to be able to move forward in the investigation quickly, we were able not only to bring to justice a city councilman who was in the pocket of the mob, and his administrative assistant, but eventually we were able to bring down the mob boss, the mob Don himself and 18 other members of the Philadelphia Mafia.

When you consider that in terms of the membership of the Philadelphia Mafia, on an average it has been about 50 members, and when you have 18 of those members in jail as a result of this investigation and related prosecutions, that is a substantial impact. And although it happened within a period of about 1 year to 18 months from the time the extortion demand was made, really the credit has got to be given to the years and years of work done by Federal, State and local law enforcement to develop the kind of intelligence base and the kind of information and evidence base that we needed to go forward, because one of the key aspects in that case was that we had an informant that was dealing with the Mafia member, Nick Caramandi, who had made the extortion demand, and so while Caramandi was making this demand we were getting him on tape, we had an informant in place, and the reason we had an informant in place really was a result of years and years of effort on

the part of law enforcement, State, Federal and local, to develop and make inroads into organized crime so that we would be in such a position when the opportunity arose.

I want to thank you, Senator Roth, and Dan Rinzel, for giving me the opportunity to testify today, a week after I was originally scheduled, because I had a Law Enforcement Coordinating Committee meeting last Friday, I was originally scheduled to be here last Friday, but it is very important, that Law Enforcement Coordinating Committee meeting is really the time that I have to get together with State, Federal and local law enforcement agencies to really encourage them in a kind of cheerleading session to continue to work together, because I think that that has been really the heart of our success insofar as this is concerned.

Clearly, if we had not had the support of the Pennsylvania State Police and the New Jersey State Police and the New Jersey U.S. attorneys office and the State attorney general's office, and Roy Zimmerman, the State attorney general of Pennsylvania, and Ron Castile, the district attorney of Pennsylvania, along with the Philadelphia Police Department and the Federal law enforcement agencies, the Federal Bureau of Investigation, the Postal Service, the Internal Revenue Service—it is not just a matter of coordinating with State and local, but also we have a number of Federal law enforcement agencies that work closely together, really setting aside any kind of rivalries that there may have been in the past or misunderstandings, really to try to get the job done, and I think that that has really been the heart of our success.

To date, we have, as I said, 18 members of the Mafia in jail. Nicky Scarfo, who is the mob boss—and make no mistake about it, he is still the boss of the mob in Philadelphia, even though he is in jail, is standing trial for homicide, along with seven other members of his group, for the murder of Sal Testa, one of his capos, and that trial is going on even as we speak.

Leland Beloff, who is the city councilman who went along with Scarfo and others to put the squeeze on Willard Rouse, is going to be pleading guilty today with regard to some election fraud charges, but he is scheduled to report on Tuesday to begin a 10-year sentence imposed by Judge Fullam in the Rouse extortion case.

So we are moving forward. There are a number of other prosecutions that are waiting in the wings. Scarfo and his group will face another homicide trial in the Court of Common Pleas of Philadelphia. There is a Federal RICO prosecution that has been brought, the indictment was filed a number of months ago, and that charge is a wide range of crimes under the RICO statute and they will be facing those charges, the 18 members of the Mafia will be facing those charges after the homicide trials have been completed.

We certainly have the Mafia on the run in Philadelphia and elsewhere, but my assessment is that, even though the Mafia is down, they are not out. There are those that are waiting in the wings in Philadelphia, particularly waiting to see what is going to happen, obviously, with regard to the results in the criminal prosecutions, but also in terms of whether or not we are going to continue to keep the heat on in terms of those that would be on the periphery, coming into center stage perhaps to take the place of a Nicky

Scarfo, taking the place of those mob members that would be put out of commission if they receive the kind of sentences I think they will receive as a result of the charges.

So I do not think we can let down our guard. I think we are going to continue to need the support that we have enjoyed in the past insofar as funding is concerned. The Mafia has been around a long time, its roots go back to almost the Middle Ages in terms of its birth in Sicily and, although we have only experienced the power of the Mafia for the last 50 years or so, I do not think it will pass from the scene very easily or very quickly, so it is my assessment that we need to continue to keep the pressure on.

There are emerging organized crime groups that we are turning our attention to now. In terms of the assessment in Philadelphia, we see, of course, Hispanic organized crime in terms of the drug trafficking particularly, the Jamaican drug gangs. Some of the earlier ethnic groups that were involved in the rackets that have been displaced by the Mafia, we expect them to begin to reassert their presence insofar as crime in Philadelphia is concerned.

Our successes do not mean the end of drug trafficking or extortion or corruption in Philadelphia, but I think it goes a long way to putting the criminal element in disarray and thus making them easier targets for future criminal investigations.

Thank you very much for the opportunity to testify, and if you have any questions I would be happy to try to answer them, if I can.

Senator NUNN. Thank you, Mr. Dennis, for your interesting presentation. We have heard a lot about you and your work from Senator Roth, who has kept up with it, and I am going to defer to Senator Roth to lead the questioning here.

Senator ROTH. Thank you, Mr. Chairman.

Let me start out by congratulating you again for the job you are doing as U.S. Attorney. As I indicated earlier, my only regret is that you left Delaware for Pennsylvania.

Going back to the hearings we have been holding here, there has been a lot of talk about the changing nature of organized crime and the new breed of LCN members, and I think that it was Nicky Scarfo that compared himself with the family's deposed boss by proudly saying, "Bruno was a racketeer, I'm a gangster." What exactly does that mean? What is the difference in this new breed of members in the LCN?

Mr. DENNIS. Well, as Nicky Scarfo is an example of that new breed, we have certainly seen that they are more violent, much more violent than the old guard. Angelo Bruno really represented, I guess, the paradigm of the diplomatic and politically astute mob boss, one who weighed the risks, who really had a sense of how far he could or should go in terms of staying out of harm's way, building his power through alliances and through astute maneuvering with others that he had to contend with.

The new breed really seems to have reverted to the days of Pancho Villa. They seek to maintain their power out of the muzzle of a revolver, and thus we have seen more organized crime assassinations in the last 5 or 6 years than we probably saw in the last 30 or 40 years.

I had the opportunity to interview both Nick Caramandi and Tommy Del Giorno, who are the two mob hit men who cooperated and testified in the Rouse extortion trial and are testifying in the local homicide trial. Nick Caramandi said that in New York, they kind of look up to New York as being sort of the big leagues of organized crime, and they described the organized crime members in New York as being real gangsters and those in Philadelphia as merely being hoods with titles, so I do not know whether that is the remark you were referring to or not.

Senator ROTH. One of the things that is distressing is the fact that—Mr. Scarfo is currently in prison——

Mr. DENNIS. Yes, he is.

Senator ROTH [continuing]. And according to your testimony, if I understand it correctly, still continues to run the mob. How is that possible? And is there anything we can do from the legislative point of view to try to eliminate this practice? What role do lawyers play in this kind of a situation?

Mr. DENNIS. Well, we know from the fact that now with the two mob hit men cooperating, that Nicky Scarfo has directed his mob, when he was in prison in La Tuna for a firearms violation, he was sentenced to 2 years on that and that was several years ago, so we know from an historic point of view that he has done this in the past.

We also suspect and we are fairly sure that the mob is still collecting tribute from numbers runners and other criminal elements in the city. Regardless of how bad it may look in terms of Nicky Scarfo being eventually convicted, they still, the Mafia still commands a great deal of fear and respect from other criminal elements and those that owe tribute will continue to pay it. So we are fairly confident that this is money that is being used to probably mount his defense in court.

The mob boss is recognized, Nicky Scarfo, as head of the Mafia, even though he is in jail, and in terms of being able at least to have a role in terms of what is going on out on the street is a matter of just getting the word out to key individuals. Of course, I do not want to ascribe any particular conduct to a lawyer or group of lawyers, but that can be done through a lawyer.

I will state that at the time that we had the Rouse trial, there was testimony that one of Scarfo's lawyers had been more than just counsel for him in terms of cases that he had to be defended in, but also was very actively involved in promoting his mob interests and did act as an intermediary in the Rouse extortion, and if that is in fact true, and we do not have any reason to believe it is not true, then clearly that lawyer and perhaps others could be used as messengers.

I am not sure in terms of legislation what could be done. However, I will, in line with your concern, bring your concern to the attention of the Department and see if there might be some area of legislation that we might want your help on in terms of being able to make it more difficult for Nicky Scarfo or any other mob boss to operate his operations out of a corrections institution.

Senator ROTH. Is there a need for the death penalty at the Federal level to deal with the mob?

Mr. DENNIS. Well, the death penalty was one of the—the fact that the death penalty was in existence in Pennsylvania was one of the reasons that I strongly urged the homicide prosecutions in Philadelphia, rather than taking everything federally, that we should have the DA's office prosecute the organized crime figures for murder on the local level.

It was my judgment that basically Nicky Scarfo and the others were mass murderers and that they should be tried as such. I am not prepared to recommend that we institute the death penalty on the Federal level particularly, but I did think it was appropriate in this case, and if we had a death penalty provision under Federal law, I would have sought the death penalty under Federal statute if it had been available to me.

Senator ROTH. Back in 1983, this Subcommittee conducted some investigations on organized crime in the Mid-Atlantic Region, and at that time it became clear that there were feuds between the New York and the Philadelphia LCN families about who controlled Atlantic City. I wonder if you could testify as to what involvement there is by the Philadelphia families in Atlantic City, either in skimming funds off or control of the casinos, and particularly with respect to the unions?

Mr. DENNIS. Our involvement in law enforcement out of Philadelphia with the problems of organized crime in Atlantic City, and particularly in the casino industry, is somewhat limited because that tends to be an area that is intensively investigated by the New Jersey Gaming Commission and the New Jersey U.S. attorney's office and the New Jersey office of the Federal Bureau of Investigation.

What we have clearly seen from our vantage point is that the Philadelphia mob is deeply involved or has attempted to become deeply involved in the casino industry in Atlantic City. They have done that in terms of union influence, they have done it more directly in terms of the Mayor Matthews scandal, in which basically the mob bought the mayor of Atlantic City when he was a candidate and, as it came out at the trial, had big plans once he was in office to use their relationship with him to become firmly entrenched in Atlantic City and probably firmly entrenched in the casino industry.

We have had the case involving Frank Gerace, who was the president of a Teamsters local in Atlantic City representing hotel workers, who was removed from his position because of his connections with organized crime. That was in the form of a civil action, it was not a criminal prosecution. Of course, Nicky Scarfo himself is from Atlantic City, his cement company and construction company are based in Atlantic City, and so we have no doubts that the Philadelphia mob is deeply involved in whatever organized crime activities are going on in Atlantic City, but I must say I think that law enforcement has really been very aggressive and pro-active in trying to keep organized crime from getting a very secure foothold in Atlantic City.

Senator ROTH. Let me be a little more parochial and look at organized crime activities in another direction. To what extent is there organized crime in my State of Delaware, not only with re-

spect to the LCN but also involving some of these new emerging groups or motorcycle gangs?

Mr. DENNIS. Well, Delaware certainly would come under the umbrella of the Philadelphia mob, and we had the Frank Sheeran case as one case involving a very high level of mob activity coming out of Wilmington, Delaware. But the mob involvement in terms of the Mafia has been somewhat sporadic insofar as Delaware is concerned, and so we deal with it when we become aware of it on a case-by-case basis.

Clearly, in terms of a more day-to-day problem in Delaware is the problem of the emerging organized crime groups, primarily in the drug trafficking area. Delaware is certainly not immune from the problems that plague Philadelphia and other urban areas insofar as this is concerned. I know that Bill Carpenter, the U.S. Attorney in Delaware, has his hands full with regard to the drug trafficking problems and even down in his hometown of Milford, they are reporting that drug trafficking is a real problem, apparently some drug houses are being set up and we are sort of seeing a miniature of the same problems that we are seeing in some of the more notorious drug trafficking neighborhoods in Philadelphia, and it is very serious.

The motorcycle gangs remain a problem, although we have made some major inroads with them, particularly with our Pagan prosecutions, in which we took out the hierarchy of the Pagan organization. They had been involved in Delaware, in Delaware County, which is the county just north of the State of Delaware, in Pennsylvania, and their primary interest was in methamphetamines. Although they are still a problem and we still have some investigations going on, they do not seem to be of the same strength that they were in the past.

I am not painting a rosy picture, we still have many areas that we need to continue to work very diligently in, but I think the landscape is changing insofar as who is doing what and who is going to be the threat in the future.

Senator ROTH. Thank you, Mr. Dennis. I think my time is up.

Senator NUNN. Mr. Dennis, we thank you very much for being here. Congratulations on doing an excellent job.

Mr. DENNIS. Thank you very much, Mr. Chairman. Thank you for having me.

Senator NUNN. Thank you.

Our next witness will be retired FBI Special Agent Joseph Pistone. Initially, we had anticipated Mr. Pistone would not need to conceal his identity from the cameras. We had not known that he had been relocated to a new home and that he has changed his appearance. But he has made that fact known to us and we have rearranged his schedule so that he could testify last this morning, and we will ask that the room be cleared to assure the security of the witness.

Access to certain areas of the room will be restricted during the course of his testimony, and at this time, in order to maintain his security, I direct members of the media, cameras and cameramen, to vacate any restricted areas for the duration of Mr. Pistone's testimony. The staff will work with you to show you where you can put your cameras, and we will take an approximately 9-minute

break and try to have the room cleared now, ask everyone to leave and come back at approximately 11 o'clock, at which time we will have our last witness testify.

[Short recess.]

Senator NUNN. The Subcommittee will now come to order.

I am going to ask our witness, who is behind the screen at this time, to remain seated as we give the oath.

Do you swear that the testimony you give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PISTONE. Yes, I do.

Senator NUNN. Thank you.

For 6 years, Mr. Pistone lived as an undercover agent whose mission was to infiltrate the New York factions of the La Cosa Nostra. Known on the streets as Donnie Brasco, Agent Pistone did indeed succeed in penetrating the Colombo and Bonanno organized crime families. His experiences have provided the Government with a unique perspective on the innermost workings of organized crime in New York.

His stint as an associate in the Bonanno LCN family proved instrumental in helping to disable several LCN families throughout the United States. Mr. Pistone ended his undercover assignment after he received orders from a high-ranking member of the Bonanno family to kill Anthony Indelicato. Mr. Indelicato was subsequently tried and convicted for the commission-sanctioned murder of Carmine Galente in 1979.

Mr. Pistone, we appreciate your service, which has been so effective, for the Government and at considerable risk to your own well-being, and we appreciate very much your being with us today. You have already taken the oath now, and we will ask you to proceed with your testimony and then we have questions.

## TESTIMONY OF JOSEPH D. PISTONE, FORMER SPECIAL AGENT, FEDERAL BUREAU OF INVESTIGATION

Mr. PISTONE. Thank you.

Mr. Chairman, it is a pleasure to be here today to testify on the current status of organized crime in the United States, 25 years after the historic testimony of Joseph Valachi before this same Subcommittee.

As you know, my name is Joseph D. Pistone, although for almost 6 years I was better known on the streets of New York City as Donnie Brasco, in my capacity as an undercover agent for the Federal Bureau of Investigation. My experiences for those years as a close associate of members of the La Cosa Nostra, as well as the insights I gained into the innerworkings of this criminal subculture, will be the subject of my testimony today. I believe that they may be useful in the Senate's understanding of how this organization has matured since Valachi first publicly exposed it in 1963, as well as helpful in explaining how it has survived the persistent efforts of law enforcement to eradicate it.

On July 7, 1969, I was sworn in as a Special Agent of the Federal Bureau of Investigation. My early career as an agent followed the usual pattern of most agents. I served in various field offices

throughout the country. In 1974, I was transferred to New York City and assigned to the truck hijacking squad. This assignment led to my initial exposure to a long-term undercover assignment. In part, because I knew how to drive an 18-wheeler semi-tractor-trailer and I also was versed in driving bulldozers, I was chosen to work undercover in an attempt to infiltrate a ring of thieves who stole trucks, bulldozers, heavy equipment, and luxury cars, and even on occasion we stole airplanes, and this was all done on order. We were given orders and we went out and stole these pieces of equipment. This criminal conspiracy had been operating successfully for years, stealing millions of dollars worth of vehicles along the Eastern Seaboard, from New York to Florida.

Based in part upon my successful infiltration of the ring, in February 1976, the FBI and the Florida Highway Patrol arrested the entire ring, which consisted of 30 people, and recovered a significant amount of stolen property. At the time, law enforcement sources deemed this to be one of the largest, most lucrative theft rings ever broken.

I subsequently returned to the truck and hijack squad in New York City. At that time, the FBI was faced with five to six major hijackings per day in the New York City area. Intelligence sources indicated that all were somehow tied to the various New York mob families. Faced with these statistics and the recent completion of our successful undercover operation, my supervisor in New York at the time, Guy Berada, pushed for another long-term undercover operation to attempt to penetrate the upper echelon fences who handled these stolen loads.

Based upon Berada's initiative, the FBI Headquarters approved a 6-month undercover operation, to be known as "Sun-Apple." Due to my recent experience as an undercover agent, I was chosen to be the undercover operative in this operation.

On the day in September 1976 that I left the New York FBI office to start my 6-month undercover role, our main goal was not with the intention of infiltrating the Mafia, nor did we have any idea that it would result in my being undercover for all those years.

Although an extensive amount of effort and research was done to develop a credible cover for me as Donnie Brasco, a small-time but successful jewel thief and burglar, no one had any idea where it would lead us. The extent of our aims in the beginning was just to get the fences that were dealing with the Mafia. We had decided that if we were successful in this effort, we would significantly hurt the Mafia operation in its pocketbook.

Ironically, I never did succeed in infiltrating the Mafia fences. What I did accomplish was far more significant—I succeeded in infiltrating the Colombo and, later to an even greater extent, the Bonanno Mafia families of New York.

Then I was introduced to and worked with the Frank Balistrieri family of Milwaukee and the Santo Trafficante organization of Florida. I had become so accepted by the Bonanno family through my close association to Dominick "Sonny Black" Napolitano, at the time a top-ranking capo, and Benjamin "Lefty Guns" Ruggiero, a Bonanno soldier, that I had actually been proposed as a soldier in their family.

The culmination of my years of living daily as an associate of these Mafia members was my testimony in over 10 trials and even more grand juries throughout the United States. This testimony resulted in more than 200 indictments and over 100 convictions of members of organized crime across the country.

Rather than dwelling upon either these trials or the day-to-day activities of my undercover life, for purposes of my testimony, I have been asked by the Subcommittee staff to discuss some of the more significant observations I gleaned from my experience concerning the innerworkings of organized crime.

At the outset, I think it is important to observe that law enforcement's success in our operation should once and for all destroy the romantic illusion about the Mafia. Organized crime is neither invincible nor honorable. Combined with the series of publicized prosecutions in New York and elsewhere that the Subcommittee is reviewing in its hearings, law enforcement has shown that this secret society called the Mafia is no longer so secretive. Its ranks can be penetrated, its meetings recorded, and its hierarchy indicted, convicted, and all sent to jail.

This is not to say that the Mafia is beaten. Nor is it to say that they will not learn from their past mistakes to become even harder to attack in the future. As an example, due to my infiltration of the Bonanno family, I understand that the New York families have instituted new rules to thwart future undercover penetrations. They have reinstituted the requirement that before someone is made a soldier, he will have to "make his bones," that is, he will have to kill someone. In addition, they are now requiring two "wiseguys" to vouch with their own lives for the new member, rather than as before, when only one did so.

I hope that just as the myth of invincibility has fallen, my infiltration and the recent criminal trials have also put to rest the romantic illusion that the Mafia is an "honorable society." There is no honor among these thieves. They deal in drugs, death, and deception. Though they continually claim to have rules of conduct that they live by, in reality their lives revolve around breaking these rules in a boring, never-ending life of trying to beat the system, both society's and the Mafia's.

One thing I will never forget from my 6 years with them is the daily grind of trying to make a "score" that they face from the time they wake up in the morning to the time they go to sleep at night. This is not the romantic life of "The Godfather" or television drama but, rather, is a life of treachery, violence, and, ironically, boredom.

While I acted the part of Donnie Brasco, my day would pretty much follow the same routine as that of the other wiseguys. I would usually get to the club or restaurant where they hung out every morning and hang out with them. They spent every waking hour thinking about how they were going to make money. They did not think or talk much about their wives, girlfriends, families, hobbies. The mob was their job as well as their whole life. What they did for a living was on their minds far more than it is with ordinary, "straight" citizens.

At night, if not out pulling a score, they would hit various nightclubs or restaurants popular with the wiseguys and sit around

planning new scores or reminiscing about old ones. This routine never changed. Their whole life revolved around the Mafia and, more importantly, the local crew or group that they worked with.

Once claimed by a particular soldier, you worked with and for him and his crew. You could never work with another soldier or crew without his approval. Everyday, you would have to check in with your captain or, in my case, the wiseguy who had claimed me, and tell him what you were doing. There was no such thing as taking a couple of weeks off for vacation, unless you first had your captain's approval. Every score you did had to be approved.

There is a surprising similarity which marks the innerworkings of the Mafia and contemporary terrorist organizations. The families are broken down into small, separate cells, commonly called crews. You work with that crew and rarely ever deal with any other crews. In all likelihood, a member of one crew may not even know who are the members of another crew in his own family. A strict "need to know" policy is enforced. No one asked about what other members were doing or even who they were.

There were people I worked with closely for 6 years who never told me their last names, only their nicknames. If you did inquire, you were viewed with great suspicion, since it could only mean you were a cop or an informant. To say the least, this latter rule complicated my undercover role and contributed to its longevity. This street policy of not asking too many questions also, as in terrorist cases, makes investigations and later prosecutions so difficult. Rarely are things discussed over the phone, and rarely do cooperating witnesses know much beyond their own cell or crew. Thus, it is not surprising that sometimes a long-term Mafia member will decide to cooperate with the Government but have little information concerning his family or other families that operate in the same city or neighborhood.

Fortunately for our investigation, Lefty Ruggiero, a Bonanno soldier who became my business partner when I was on the streets, took it upon himself to educate me in the ways of being a wiseguy. He spent hours telling me about the proper conduct for mob members and associates while criticizing others for not complying with it. Nevertheless, he would then turn around and break the rules when it served his purpose, or if he could make an extra buck doing so. He best summed up this world of deception by once telling me that what was so great about being a wiseguy was that, "You can lie, steal, cheat, kill, and it's all legitimate."

I think this last statement of Lefty Ruggiero is very insightful. It helps explain why the Mafia exists and why it is so difficult to destroy. To Lefty and all the rest of the people I met in the mob, what they do is legitimate. They do not view themselves as morally reprehensible, they do not think of themselves as being criminals. Coming from a subculture where crime is acceptable, where their elders, friends, and neighbors view criminal behavior as normal, as even honorable, these men would take issue with being called criminals or gangsters.

To this subculture, cooperating with the Government is morally reprehensible and criminal. That is why it is so significant when Government agents successfully convince a wiseguy or an associate to become a Government witness. Such occurrences are extremely

rare and important events, since for whatever motives—whether revenge or self-preservation—they indicate a conversion from one value system to another. When a wiseguy turns from his value system, he disgraces himself and his family, which then loses the respect of its neighborhood.

Senator NUNN. Mr. Pistone, I am going to ask you to stop right there. We have a vote going on and we have about 4 minutes to complete the vote. Senator Roth has already gone over to vote and he will be back, and when he comes back we will go ahead with your testimony.

Mr. PISTONE. OK.

Senator NUNN. So if you will pause until Senator Roth comes back, we will take a very brief recess. I am going to ask the cameras to stay as you have been instructed and make sure that that is done to protect the security and identity of the witness.

[Short recess.]

Senator ROTH [presiding]. The Subcommittee will please be in order.

The witness will continue with his testimony.

Mr. PISTONE. Thank you.

The neighborhood where the wiseguys regularly hang out is always aware of their presence and their positions in the Mafia. Whether from fear or respect, the neighbors protect the wiseguys from police surveillance. The wiseguys in return will help out the neighborhood by ensuring that no disorganized or street crime operates in the area. I have heard of more than one occasion where some hapless criminal was punished for committing crimes unwittingly within an area protected by the local Mafia crew.

Law enforcement and society in general have to be aware of this subculture phenomenon in order to succeed in eliminating it. As long as this subculture exists and to some extent is supported by the rest of society, there will be new subculture members ready and willing to replace those who are convicted or killed by rival gang members.

However, let me clearly state that I am not in any way trying to be an apologist for the Mafia. I am not saying that we should either pity or feel sorry for these people. If anything, my years on the street has made me less tolerant of them and what they stand for. But what I am stating is that in order to successfully eliminate this cancer in our midst, we cannot view them as we do other criminals. Nor can we measure our success, as we do in other areas of law enforcement, by the numbers of arrests and convictions.

In the case of organized crime, we must not merely focus on the individuals or even the criminal organization, since it is to some extent similar to other structured organizations, but rather we must keep in the forefront of our attack the subculture that produces the Mafia membership.

That brings us to another point that I believe bears attention by this Subcommittee, namely the role of gambling. Quite candidly, I must admit that I did not fully understand the importance of gambling to the organized crime family before I went undercover. Gambling is probably the most important source of income for the Mafia. It is the blood that pumps through the veins of the system

365 days a year. It keeps the organization alive when other, more lucrative scores or crimes fail.

Although narcotics trafficking may be a major moneymaker for various members of the mob, not every member of the family may be involved in it. On the other hand, every Mafia member was involved in gambling and used the profits from it to sustain his other activities. It is the most important source of income for the mob, not only because of its size but, more importantly, because of its steady, uninterrupted flow.

For example, Lefty Ruggiero ran a small bookmaking operation. Nevertheless, I knew from just two or three of his customers that he was bringing in $20,000 to $25,000 every weekend. Sonny Black told me that from his bookmaking operation, he was making an average of $70,000 per week.

As you quickly realize, these figures can mount up. They in turn are used to bankroll other mob activities, such as drug buys, payoffs, lawyers' fees, and investments into legitimate businesses.

It would appear to me that until our society realizes that each small, innocent bet on the numbers or horse races supports the organized crime subculture, we are never going to fully eradicate the Mafia. This is one area where the statutes are already on the books to break the mob. The main stumbling block is society's attitude toward gambling, which finds its way into law enforcement's lack of interest in pursuing these offenses due to the judicial system's reluctance to punish the violators. This vicious circle must be broken to effectively cut off the monetary and societal support for the Mafia subculture.

To our good fortune, it appears to me that time and the recent Federal and State law enforcement efforts bode well for the future. From my own observations as well as from the candid admissions of many of the Mafia members I met, it appears that the Mafia may never again be as strong as it once was.

One reason is simply the passage of time. With each generation, the Mafia subculture moves closer to mainstream America. The oldtimers who exhibit the strongest values of the Mafia are aging and slowly dying off. They are being replaced by younger wiseguys, 25 to 35 years of age, who do not possess the same, strong family values. This is slowly Americanizing the Mafia and, with it, the strong attachment to kinship and family honor.

I continually heard the older members complaining about this phenomenon. They were concerned that the new members cared more about themselves than they did about the family or crew—"our thing" was turning into "my thing" within the Mafia, just as the larger American society is facing the new realities of the "me generation."

As in the larger society, the Mafia subculture is also facing the problems of drug abuse. Although the older members have always dealt with the importation and sale of narcotics, very few were users. But what I noticed was that the younger members were more and more likely to be "turning on" to the same drugs as their "straight" compatriots.

Added to the erosion of its values, the Mafia is also, for the first time in the 25 years since Valachi, facing a concerted onslaught of indictments and investigations. I do not think we have ever faced a

situation where more bosses and underbosses are currently in jail. Since these indictments have been more devastating on the older and more respected members, they have added to the weakening of the Mafia subculture.

Nevertheless, Mr. Chairman, this in no way means the war is over and the Mafia is beaten. As I have stated before, there is a large pool of potential members and leaders just waiting to take over from those we convict. To a large measure, the rise in the prominence of the Sicilians and other emerging groups who still maintain the older values and traditions in organized crime is indicative of the new wave of future criminal leaders starting to fill the vacancies.

We cannot to any degree slow down our assault upon organized crime. If we do, we will lose our greatest opportunity in 25 years to control this problem. My biggest fear is that we will consider stopping too soon in this effort. Now is not the time, Senators, for the Government to declare victory and sue for peace.

I am encouraged by the attention that this Subcommittee is giving to this serious topic, that such shortsightedness will not occur. Thank you very much for your attention and the opportunity to express my views. I am more than happy to answer any questions you may have at this time.

Senator NUNN [presiding]. Thank you very much, Mr. Pistone. You have already touched on this in your testimony, but to get specific with you, would you have any particular recommendations to the Senate and the Congress, based on your experience in dealing with organized crime as to how law enforcement can be more effective and, most particularly do you have any kind of recommendations for changes in the law?

Mr. PISTONE. Well, I think basically we have to get back to prosecuting the gambling cases. As I mentioned in my statement, gambling is the lifeblood of the Mafia, it is an activity, an illegal activity where they gain daily money, money daily, everyday, and through this illegal obtaining of proceeds is where they finance their other criminal activity, such as their drug activities and their activities dealing in stolen property, extortion, or whatever other activities that they are involved in.

Everyone that I was associated with in the Mafia was involved in gambling operations and made illegal proceeds from this gambling operation.

Senator NUNN. What kind of gambling? Can you give us some examples?

Mr. PISTONE. Basically, horse betting, football, betting on football games, basketball games, baseball games, this type of gambling.

Senator NUNN. What about the numbers game?

Mr. PISTONE. And numbers. Numbers is a big moneymaker, and everyone in the neighborhood plays the numbers. They have the nickel numbers, 10-cent, quarter, 50-cent numbers, and basically almost every wiseguy is involved in a numbers operation.

Senator NUNN. Now, is that a gambling network, when they are betting on football games, basketball games, is that one organized on a neighborhood basis, is it organized on a city basis, or does it go through a national-type system where they have layoffs on their bets, edges and that kind of thing?

Mr. PISTONE. Well, the operation that I was involved in was run by an individual named Nicky Marangello, who at the time was the underboss of the Bonanno family, and it was a Bonanno family operation that had various members throughout New York and Brooklyn involved in taking the bets and then turning it in to Marangello and other individuals that were the upper echelon of the family, and they were running it. Now, how they operated from there, I cannot answer that.

Senator NUNN. You mentioned that it actually is a subculture, that organized crime is actually a subculture. Could you explain that a little bit more?

Mr. PISTONE. Yes. These individuals that become members of the Mafia, they are not people that start out later in life to be Mafia members. They are individuals that have grown up in the neighborhood, have been associated with crime as youngsters and associated with Mafia members as youngsters. As a general rule, there is some type of family bond, real family, not Mafia family, a father, an uncle, a cousin, so all during their formative growing up years, their upbringing, as an example, it may never occur to them that it is wrong to pay off a policeman, say, it is not wrong to gamble, it is not wrong to steal from the local candy store when you are 8 or 9 years old, and all through these years they basically do not leave their neighborhoods, so they do not see in the outside world that there are other rules other than what is confined within that neighborhood.

Senator NUNN. Are policemen looked on as enemies in the neighborhood?

Mr. PISTONE. Basically, yes.

Senator NUNN. Senator Roth?

Senator ROTH. Yes. Thank you, Mr. Chairman.

When you described the LCN as a subculture, that seems to also include a subgovernment, which means they live by the rules of their organization—is that correct?

Mr. PISTONE. That is correct. They consider anyone outside of their organization, they call them a citizen or a straight, and they do not consider that the outside, the citizen or the straight person is living within their rules.

Senator ROTH. You explained that both time and law enforcement are successfully combining to Americanize this subculture. Is there anything that can be done to speed this process along?

Mr. PISTONE. Well, I think what we have to do is not let up in our fight against the Mafia right now. I think what we have a tendency to do is attack a group, get it on the run, and then move on. I think now is the time to keep them, now that we have them down, keep them down, keep the pressure on them, show the public that the Mafia is not an honorable society, that the Mafia is not invincible, and to publicize any time that we have any kind of indictment or any kind of law enforcement pressure on any of the Mafia members, to let the people know, let the public know that this is going on, let the public know who the individuals are that are dealing with the Mafia, make them public.

Senator ROTH. Now, this Subcommittee, as well as law enforcement, has been involved in investigating and prosecuting the LCN

for 25 years. Can you tell us how law enforcement's response to organized crime has changed?

Mr. PISTONE. Well, I think it has changed in that we finally realize that we can, through the RICO statute, prosecute the upper echelon of organized crime, that we are not confining ourselves to the lower echelon guys, the connected guys and just the soldiers, and by stripping away this invisible screen that was put before the bosses, the underbosses and the captains, this is what has made us successful and will continue to make us successful.

Senator ROTH. Similarly, how do you think organized crime itself has changed?

Mr. PISTONE. Well, I think it has changed in that with the younger members coming up, they are not as dedicated to the society as the older individuals. It is more of their looking out for the individual. They do not have that tie to the tradition.

On the other hand, they have changed by diversifying more in their illegal activities, they are putting more of their illegal proceeds into legal businesses, legitimate businesses.

Senator ROTH. As I am sure you are aware, many people believe your underground activities were among the most successful in penetrating the LCN. First of all, I want to congratulate you. I know you did it at tremendous personal risk.

Mr. PISTONE. Thank you.

Senator ROTH. But I would like to ask you how you feel you were able to be so successful, how did you become accepted by them, and what advice would you have for the future?

Mr. PISTONE. Well, one reason is because I am Italian. I mean that is obvious. Another reason is that I grew up in a large city, I grew up knowing mob guys, so I was not awed when I became an FBI agent or when I went undercover by the LCN, by the Mafia.

I think another is I did not have any grind, I did not go undercover saying I was going to go with the Mafia. It was my job and whatever organized crime, whatever group I would investigate, that was going to be my job.

Also, the fact that I knew that, no matter what I did, I was not going to reform anybody, they were going to lie, steal, cheat, murder and kill, whether Joe Pistone, Donnie Brasco, was there or not, so my main goal was to gather evidence for later prosecutions. I was not a reformist or a social worker nor a reformer, and that is the mind set I had, and I also maintained that if they found out who I was, they would kill me just as soon as they have killed their best friends.

Senator ROTH. Now, you did do it at great personal risk. What kind of influence did it have on your family? Would you do it again? If some friend or some agent is being proposed for similar activities, what would you recommend to him, particularly as to how he could reduce the influence and impact on his family?

Mr. PISTONE. Well, number one, I would not recommend it for a married agent, with children. It had a tremendous toll on my life that way, because I was married, I had children. I was fortunate enough that I have a very loving and great wife and she was able to raise my children to the point where they are now without any problems. But there is a tremendous strain. You have a financial strain.

In the first undercover operation, I spent $3,000 of my own money which I was never reimbursed for, basically because at that point in time—these were on phone calls and on meals—at that time there was really no set program in the FBI for funding agents while they were under.

At the point of time that I worked under, there were not any provisions for an agent to take time off, comp time off to spend that with his wife. There was no program for anyone to get involved with counseling the wives, which I understand now that is all being instituted by the FBI.

I think I was lucky in the fact that a lot of my success came from that I had a wife who was strong and when I was away she ran the household, she took care of the children, and she took care of her own life. Every undercover agent that I worked with except one during that period has gotten divorced. So I have to give a lot of my success to my wife, really.

Senator ROTH. To your wife herself.

Mr. PISTONE. That is correct.

Senator ROTH. In contrast to the movie "The Godfather," you have testified that the LCN is neither romantic nor honorable, and I understand that vicious retaliations occurred when you came in from the cold. Can you tell us what the results were inside of the LCN after the exposure of your undercover role?

Mr. PISTONE. Yes. When it was disclosed to the LCN who I was and that I was in reality an agent and when they finally realized it, 17 days after the disclosure Sonny Napolitano was killed, Sonny Black, who I was closely aligned with. A contract was put out on Lefty Ruggiero. When the FBI found out about the contract, that is when we arrested him for his own protection. He was due to get killed the day the FBI arrested him.

Another individual by the name of Tony Mira got killed. They also have come back, from what we understand from informants, they have reinstituted the fact that at one point in time they had eliminated that you would have to kill somebody to become a member. I understand that has been reinstituted, and they have now reinstituted where two individuals, two wiseguys have to vouch for an individual, and they have to say that they have known them since, if not childhood, for 15 to 20 years, so it puts two wiseguys on the line versus one.

Senator NUNN. Let me just continue that for a minute. If we get into any areas that you think from a law enforcement point of view it is not advisable to talk about it, just let us know that and we will defer the question.

Mr. PISTONE. All right.

Senator NUNN. What led to the decision for you to come in from your undercover assignment?

Mr. PISTONE. Well, since 1979, when Carmine Galente got killed, there became two factions within the Bonanno family fighting for control of the family, and I was aligned with Napolitano and Ruggiero, who were aligned with Rusty Rastelli, who became the boss of the families at that point in time. This struggle continued up through 1981.

In May 1981, Rastelli's faction, which included Napolitano, myself, Ruggiero, and of course others, these individuals murdered

three captains who were the top members of the opposition. At this point in time, there was a shooting war going on between the factions and I had been given——

Senator NUNN. Between the families?

Mr. PISTONE. It was within the Bonanno family.

Senator NUNN. Within the Bonanno family, all within the family?

Mr. PISTONE. Within the Bonanno family, there had been two factions. An individual by the name of Bruno Indelicato escaped the assassination, and I was given a contract to kill him. Besides being given this contract, at this point in time everybody was carrying guns and it was basically a shooting war going on, and the FBI felt—and so did I—felt that it was a good enough time to get out, since everybody was getting killed, but that is the basic reason we terminated the operation.

Senator NUNN. In other words, you did not protest too much at that stage, right?

Mr. PISTONE. Well, basically being a dyed-in-the-wool FBI agent, in law enforcement, I did put up kind of a stink, if you will, because I had been proposed for membership, I was due to become a made member of the Bonanno family in December and we terminated the operation, I think it was July 27, so this would have been the first time in history, and this would have, I thought, really would have devastated the Mafia when I surfaced, say you made an FBI agent, I think that would—and that was one of the reasons I argued for, but I lost the argument.

Senator NUNN. Could you tell us a little bit more about the contract that they asked you to carry out in terms of murder?

Mr. PISTONE. Yes. Bruno Indelicato was one of the shooters in the Carmine Galente killing, and his father was Sonny Red, who was one of the captains that Napolitano had killed, and he had escaped getting killed by not going to the meeting. He was a cocaine addict, and I guess he was high on cocaine and missed the meeting that they had called.

So Napolitano summoned me, I was down in Florida at the time, we had a bottle club outside of Tampa, FL, that we were running for the mob, and——

Senator NUNN. What kind of club?

Mr. PISTONE. A bottle club, it was a night club—and he summoned me by telephone to come to New York, he said he wanted to speak to me, so I flew from Tampa to New York City and I went to the club, which at the time was the Motion Lounge in Brooklyn, on Graham and Wither Street, and Napolitano sat down in the back room and he told me about the hits, that they killed the three captains and he wanted me to—he gave me the contract to get Bruno, whom he referred to as "the kid who had escaped," and he had information that he was down in Miami, so he sent me down to Miami with another wiseguy by the name of Sally Paintglass.

When we got down to Miami, we hooked up with another wiseguy out of Miami named Steve Marucco, and he was to aid us in finding Indelicato. What the FBI was going to do was we were going to arrest Bruno if we could find him, pull him off the street, because we knew that he was due to get hit and we were going to arrest him for his own protection, but we did not find him, the

wiseguys never found him until later, he surfaced a couple of years later.

Senator NUNN. Was he eventually killed?

Mr. PISTONE. No, he was convicted in the commission trial in New York City, and I think he got sentenced to 35 years in that trial.

Senator NUNN. You mentioned that there was a money problem, and yet you were involved in all sorts of activities where the members of the mob were taking in huge amounts of money. Did you not get some of that money and, if so, were you allowed to utilize that?

Mr. PISTONE. The way it worked, what we had was we had a gambling operation going in Tampa, outside of Tampa, a gambling shylock operation, which was financed by the Bonanno family. We, through Ruggiero and Napolitano, had borrowed money from the Bonanno family and we were to pay back 2 percent a week on this money that we used to finance this gambling operation, and all of the proceeds that we made, we just turned it back into the shylocking operation, so that is how we utilized the money.

Senator NUNN. You did not get to keep the money yourself?

Mr. PISTONE. No.

Senator NUNN. You did not get anything, you did not keep any of the money?

Mr. PISTONE. Well, any moneys that I got from Ruggiero, we turned in to the FBI.

Senator NUNN. But did you not get enough money to cover your living expenses from the gambling proceeds? In other words, does organized crime pay for the living expenses, are you on an expense account, or is it all of it out of your own pocket?

Mr. PISTONE. Well, you get a salary but, you see, since I was a connected guy at that time, I was not a made guy, it was determined by Ruggiero and Ruggiero was kind of a leech, so my end he took, since I was the lowest guy on the totem pole.

Senator NUNN. So the lowest guy on the totem pole does not always get a lot of money, is that what you are saying?

Mr. PISTONE. That is why he has to continually do scores, and that is why they do a lot on their own and—you know, the old saying "honor amongst thieves," there is no honor amongst thieves. The way it works is every time you pull a score, a percentage of it has to go to the individual above you, so what the wiseguys do is they will pull a score and if the score is, say, $200,000, they will say the score was $150,000 because they know that if they are on the bottom, the guy up top is going to get more of the proceeds, so they will pocket $50,000 and split $150,000.

Senator NUNN. So there is your "honor amongst thieves"?

Mr. PISTONE. That is correct.

Senator NUNN. Tell us a little bit more about the people that you say you hung around with, the members of the mob, you went to coffee with them in the mornings, you got bored a lot of times because there was not that much activity on some occasions, you went to nightclubs at night, tell us a little bit about those individuals, how do they treat their families and so forth, what kind of individuals are they, how do they fit into the environment they live in?

Mr. PISTONE. Well, they fit into their own environment very well. They do not fit into the straight world at all, because they cannot fathom doing anything legitimate as a first means of making any type of money. The one thing you have to remember about a Mafia member is it is Mafia, and then his family, and then God, and then country or country-God, but the Mafia is placed first and foremost in his daily, everyday routine, from the time he wakes up until the time he goes to bed, he is a 24-hour Mafia member and that is all he is thinking, is Mafia, how to make scores, how to get money, how to maintain whatever position he has in that family. It is an everyday struggle, everyday your existence is struggling to stay alive and to maintain whatever position you have in the family, and what dictates your position and how you rise is how much a money earner you are, how much money or how many different activities you can bring together for that crew or for your boss, that determines your respect in the Mafia.

Senator NUNN. You mentioned Mafia first, family next, God, then country. Tell us about family relationships, are they loyal to their family in general, or does it just vary on an individual basis?

Mr. PISTONE. Well, I would say it is on an individual basis. Of course, they are no different than you or I with their children. They all love their children. But most of them I dealt with, their children were all involved in the Mafia. Napolitano had a son that was a thief, Ruggiero had a son that was a thief. Now, they were in their twenties. Other individuals that I dealt with that had children that were 20, 21, 22, 23, 24, 25, they were all well aware of what their fathers were doing and they were all thieves in their own right. So, I did not find anyone that I dealt with that tried to steer their sons away from a life of crime.

Senator NUNN. You mentioned God and religion, are they really religious people or were those just words?

Mr. PISTONE. Well, they are religious in that they believe in God, they believe in not going to church but they believe in the church. You say how could they believe in God and murder? Well, you have to remember, to them, killing another Mafia member is not like you or I would think of robbing somebody and killing them, it was part of business. If someone did wrong within that society and his punishment was death, you killed him because it was part of business. Every Mafia member has in his head that at some point in time he may be whacked out or killed if he does something wrong, so it is not wrong for them to kill somebody within their society. It would be no different than the police coming and arresting somebody in their mind and the man being sentenced to the electric chair.

Senator NUNN. In other words, they have just as much right in their own mind to go out and kill someone that has done something that breaches their rules——

Mr. PISTONE. That is correct.

Senator NUNN [continuing]. As society believes that a judge and a prosecuting attorney and a prison warden and the executioner have to carry out the judicial sentence within our system of laws, is that right?

Mr. PISTONE. That is correct, yes, sir.

Senator NUNN. What about the question of country? You mentioned family, God, and country. What is the general rule in terms of their sense of feeling toward the United States or toward any kind of government, local, State?

Mr. PISTONE. Well, in conversations, you have to realize that they sit around, we sat around many days discussing problems with Iran and Russia, and their whole feeling of—they like the United States, of course, because they could never make this kind of money in any other country, you know, free enterprise.

Senator NUNN. They believe in the free enterprise system, according to their definition?

Mr. PISTONE. Correct. And they would—you know, their general attitude and feelings were that we should deal more harshly with these countries that do not agree with the U.S. system. You know, at that point in time we were having trouble with Iran and some of the conversation was, you know, "I don't know why they just don't send the Marines or the CIA over there and eliminate them."

Senator NUNN. In other words, they are hawks on foreign policy, is that right? [Laughter.]

Mr. PISTONE. Correct, Senator.

Senator NUNN. What about the narcotics trafficking, can you give us your observations on that? We hear from some that narcotics trafficking is off limits for the family, and we heard witnesses during the course of these hearings saying that the younger members are breaching family rules and going forward with narcotics trafficking but it is against the rules, so to speak. I think you have a little different view of that, do you not?

Mr. PISTONE. Well, from the time I was in, it was always against the rules, so to speak, to deal in drugs, but anybody that could would, basically because of the money. Now, you have to understand that only certain people in certain families were involved in large-scale drug importation and distribution, such as the Sicilians and the Bonanno family, the Pizza Case, this latest case that was broken. You find that there are only a certain small element in that family that have a largescale operation.

The other drug dealings were of the type I was involved in. There might be three or four individuals involved in drug transactions, but you would not discuss these drug transactions or your drug business with another member of your crew if he was not involved in it. It was only confined to the four or five individuals involved in that trafficking of the drugs. So you could have somebody who was a good friend of yours, but if he was not involved in that you did not discuss it with him. But everyone tried to get involved in narcotics, because of the great amount of money involved. A lot of these wiseguys did not have the ability to move around the country. Once you got these guys out of New York City, they were like fish out of water. Some of them, in the beginning I had to take them, as they schooled me in the Mafia, I had to school them on how to make airline reservations. I am talking about a 49-year-old man, telling him how to make airline reservations to three different cities, with an open return, because we did not know what date we were going to return to New York City.

So they did not have that type of mobility and they could not go to another city where there was a Mafia family without first get-

ting permission. So if they did not have the sanction of their boss in this narcotics transaction, they could not carry it to another city, so that is why we see that in these cases you see basically the Sicilians involved or ranking members of families involved in major narcotics. That was my experience anyway.

Senator NUNN. So with your experience, most of them stayed involved in their own neighborhood and their own city?

Mr. PISTONE. Correct.

Senator NUNN. Senator Roth?

Senator ROTH. How does publicity or public exposure hurt the LCN?

Mr. PISTONE. Well, I think it hurts them in that if they are exposed, it takes away our movie image of them, that they are invincible and that they all walk around in $2,000 suits and that they cannot be touched. Also, if they are exposed along these lines, it may help to have legitimate businessmen who at this point would think twice before becoming involved with a Mafia member if he knows that this individual has been in the newspapers or there has been articles about this individual as being associated with the mob.

Senator ROTH. One of the things that has intrigued me, we talk about skimming off some pretty huge sums of money, and yet when you watch the movies that the FBI were showing earlier and so forth, the style of life, at least on the surface, does not seem to be extraordinarily expensive, or is that inaccurate?

Mr. PISTONE. No, I do not think it is, because no matter what you say, they are basically street people, street thieves, ruling by fear and intimidation. They have not risen above this, that I have seen to date.

I know a case of one individual from I think it was January, February, March, April, May—from January to May, he made illegally $1.5 million, by June he was broke, so, you know, they are not going out buying IRA's or investing in IBM. It is basically, the majority of them, you know, you might have $100,000 in your pocket today and tomorrow you are out borrowing from the shylock. That is how their basic life is, they are living for today.

Senator ROTH. In your earlier statement, you talked about how the LCN depended particularly on gambling as a principal source of income. Now, we have had other witnesses—and it may be because there are differences in different regions—talk about skimming off funds from the unions as being a principal source. What is your understanding as to the principal source of funds for the LCN?

Mr. PISTONE. Well, again, I can only go by my experiences and the individuals that I hung around with, and the people that I was associated with, both in the Colombo and Bonanno families, their principal source was gambling, stolen property, extortion-type methods of gaining money, and drugs. But gambling, like I say, because it was an everyday revenue, they did not have to worry about, you know, making the connection with the drugs or making a score on a robbery, they knew that that gambling revenue was there at the end of each day.

Senator ROTH. Did you have any association or contact with the LCN-controlled labor unions?

Mr. PISTONE. No, the individuals that I was associated with, unions were not one area that they got into.

Senator ROTH. Now, it is my understanding that you operated in Florida as well as New York. Did you see any evidence in Florida of cooperation or deals between the LCN families and emerging drug trafficking groups, such as the Colombian cartel?

Mr. PISTONE. Well, at one point in time, myself and Ruggiero had a meeting with a Cuban banker who was going to introduce us to some Colombians for the purpose of me going to Colombia to purchase cocaine, however that fell through ironically because the banker, after about 20–25 minutes of the meeting, completely turned off to the leal and we found out later that during the course of the conversation he became afraid of me, and his comments were that if the deal did not go through he knew that I had the eyes of a killer, when next to me was sitting Ruggiero, who had 28 hits under his belt. [Laughter.]

So I do not know whether that is a compliment or a—but we also had individuals that frequented our club outside of Tampa that told us that they had contacts with different Colombians for cocaine, but we never went through with those deals, due to just the logistics of having to go to Colombia and the amount of money.

Senator ROTH. My last question is, where do you see the LCN going from here, how do you see them developing in the future?

Mr. PISTONE. Well, I do not think we will ever see the—we are talking about the American faction?

Senator ROTH. Yes.

Mr. PISTONE. I do not think we will ever see them as strong as they were 10–15 years ago, and the reason being is that, of course, all the major bosses right now are in jail or under indictment, but also they are old, these individuals are old.

The individuals, as I mentioned prior, that are coming in, it is more of a "me-type situation," they are becoming Americanized. They do not have that traditional value that the oldtimers have. I think one of the main things that is destroying it is this drug problem, in that besides becoming involved in profits from drugs, a lot of the young generation is using it and I think this is leading to—they just do not have the closeness any more, so as generations come along I think they are going to be another organized crime group to deal with and not have the strength that they had in the past.

Senator ROTH. I want to thank you again for being here today and for your contribution.

Mr. PISTONE. Thank you.

Senator ROTH. Thank you, Mr. Chairman.

Senator NUNN. Thank you very much, Senator Roth.

Mr. Pistone, we appreciate very much your being here. We appreciate what you have done for law enforcement, at considerable risk to your own life and I am sure considerable discomfort and frustration to your family from time to time, and we take note of what you said about your wife. That is quite a tribute that you made to her and I hope you will express our appreciation, representing the Senate, for her strength and her willingness to make sacrifices so that her husband could serve the interests of the U.S.

Government and the citizens of this country, so we are very grateful to you.

We do not have any more questions at this time. We may from time to time have to get back in touch with you for clarifications or for your advice as we proceed.

The Subcommittee will stand in recess in just a moment. I want to first thank the members of the news media for your understanding and cooperation in having the screen here, which is necessary and has been necessary from time to time. We do not use it unless we have to and we do not use it unless the witness believes that there is some danger and they have a credible reason to believe that, and certainly our witness today believes that and has every reason to make that request.

I thank the members of the audience for your cooperation. At this time I am going to ask that all cameras be turned off and we will vacate the room and then Mr. Pistone will leave and you can come back and collect all of your equipment.

We will have another Subcommittee hearing on this same subject to take testimony from the witness that we did not have yesterday and that had originally been scheduled for yesterday. We anticipate that hearing will be next Friday, at 9:30 a.m. We will announce the name of the witness, who has been an important member of an organized crime family and we will give the name and the location of the hearing sometime next week.

So the Subcommittee will now stand in recess.

[Whereupon, at 12:20 p.m., the Subcommittee was recessed, to reconvene at the call of the Chair.]

90-305 0 - 88 - 8

# ORGANIZED CRIME: 25 YEARS AFTER VALACHI

FRIDAY, APRIL 29, 1988

U.S. SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 9:37 a.m., in room SH-216, Hart Senate Office Building, Hon. Sam Nunn, Chairman of the Subcommittee, presiding.

Present: Senators Nunn and Roth.

Staff present: Eleanore J. Hill, Chief Counsel; John F. Sopko, Deputy Chief Counsel; Harriet J. McFaul, Counsel; Richard A. Dill, Detailee/FBI; Leonard A. Willis, Investigator; Mary D. Robertson, Chief Clerk; Cynthia Comstock, Staff Assistant; David B. Buckley, Investigator; Alan Edelman, Counsel; Harold B. Lippman, Investigator; Declan Cashman, Secretary; Daniel F. Rinzel, Minority Chief Counsel; Stephen Levin, Counsel; Carla J. Martin, Minority Assistant Chief Clerk; Steve Ryan (Senator Glenn); Rosemary Warren (Senator Sasser); Anita Jensen (Senator Mitchell); Marianne McGettigan (Senator Rudman); Sean McAvoy (Senator Cohen); and Pat Butler (Senator Stephens).

## OPENING STATEMENT OF SENATOR NUNN

Senator NUNN. The Subcommittee will come to order.

Just over 2 weeks ago, this subcommittee began public hearings intended to assess the impact of recent law-enforcement efforts against traditional La Cosa Nostra families across the country, nearly 25 years after Joe Valachi's testimony before this same Subcommittee, hearing witnesses identify the current make-up and structure of the 25 LCN families which today operate in the United States.

This morning, the Subcommittee continues its examination of the operation of those families with particular emphasis on one of the largest and most powerful, the Genovese LCN family of New York City.

Our witness this morning will be Mr. Vincent Cafaro. Mr. Cafaro has been a member of the Genovese La Cosa Nostra family in New York City since the early 1970's, and a close associate of former Genovese boss, "Fat Tony" Salerno for the last 35 years.

In 1986, Mr. Cafaro, along with 15 other defendants, was indicted in *United States* v. *Salerno, et al.* on Federal charges, including racketeering, extortion, gambling, and conspiracy.

Although Mr. Cafaro has been severed from that case, the trial of the remaining defendants has been going on for some time now

in New York City. It is my understanding that the jury began its final deliberations in that case earlier this week.

Several months after the return of that indictment, Mr. Cafaro, in October 1986, began cooperating with Federal authorities. As part of that cooperation, and at the request of law-enforcement authorities, for several months Mr. Cafaro secretly tape-recorded conversations which he had with other individuals.

One of those individuals from the LCN family, by the name of Ralph Tutino, was recently convicted on Federal narcotics charges. Part of the evidence presented to the jury in that case were tape recordings made by Mr. Cafaro while cooperating with the Government.

In March 1987, as the trial of the Salerno case began, Mr. Cafaro was ordered severed from the case. In October 1987, for reasons of his own, Mr. Cafaro advised the prosecutors that he no longer wanted to cooperate, and he was ordered confined pending trial.

In February 1988, Mr. Cafaro was subpoenaed as a defense witness in the Tutino case. Aside from matters contained in or pertaining to the tape recordings of his conversations with Mr. Tutino, Mr. Cafaro invoked his Fifth Amendment privilege and declined to provide other testimony.

Other than that appearance, Mr. Cafaro, according to my information, has not previously testified on the matters before the Subcommittee this morning.

It is my understanding that Mr. Cafaro is appearing here today with the stated intention of cooperating and testifying fully regarding his knowledge of La Cosa Nostra, particularly the makeup and activities of the Genovese family in New York City.

Mr. Cafaro, we are pleased to have you here this morning. We appreciate your testifying before this Subcommittee. We look forward to hearing of your own experience as a member of the Genovese family for the last 14 years.

We are also pleased to have your attorney with you this morning. Let me ask the attorney if he would introduce himself, and give us your location and law firm.

Mr. EAMES. Good morning, Mr. Chairman, and members of the Subcommittee. My name is David Eames. I am with the law firm of Bodian & Eames in New York City, and I am here today representing Mr. Cafaro.

Senator NUNN. Let me just get a couple things on the record, but first, let me swear the witness in.

Mr. Cafaro, we swear all the witnesses in before our subcommittee, without exception. We will ask you to stand and take the oath at this time.

Do you swear the testimony you give before this subcommittee will be the truth, the whole truth, nothing but the truth, so help you God?

Mr. CAFARO. Yes, Senator.

## TESTIMONY OF VINCENT CAFARO, NEW YORK, NY, ACCOMPANIED BY DAVID T. EAMES, OF BODIAN & EAMES, NEW YORK, NY

Senator NUNN. First of all, as I understand it, Mr. Cafaro, you currently remain under Federal indictment on various criminal charges in the Southern District of New York. Is that correct?

Mr. CAFARO. Yes, Senator.

Senator NUNN. Given the fact of that indictment, I want to advise you of your rights as a witness before this Subcommittee, and if there are any questions, you and your attorney certainly can confer, and you can certainly pose those questions to us.

First, you have the right not to provide any testimony which may tend to incriminate you. Do you understand that right?

Mr. CAFARO. Yes, Senator.

Senator NUNN. Do you understand that if you do testify here this morning anything you say here may be used against you in other legal proceedings?

Mr. CAFARO. Yes, Senator.

Senator NUNN. Second, you have the right to consult with an attorney before answering any question or questions before the Subcommittee. Any questions we may pose this morning, you have the right to confer with your attorney before answering that question. Do you understand that right?

Mr. CAFARO. Yes, Senator.

Senator NUNN. In that regard, I would certainly suggest to both of you that if you do want to confer, and if the attorney feels a need to confer, he is welcome to do that, and we will give you time for that before we require an answer.

Mr. Cafaro, the Subcommittee looks forward to your testimony this morning. I know you have previously provided the Subcommittee with a signed, sworn, rather detailed affidavit, which we will not hear in total this morning, but we will make it a part of the record.[1]

Is that correct, that you have given us an affidavit?

Mr. CAFARO. Yes, Senator.

Senator NUNN. I understand that you have a shorter prepared statement, and we will be delighted to have you present that statement at this time. Once you complete that statement we will have questions for you. Again, we appreciate your being here this morning, and after Senator Roth, our ranking member, gives his opening statement, we will turn it over to you. Senator Roth.

### OPENING STATEMENT OF SENATOR ROTH

Senator ROTH. Thank you, Mr. Chairman. It is fitting that we conclude these hearings on traditional organized crime by focusing on the organized crime capital of this country, New York.

Not only is New York important because it is the home of the most powerful LCN families in this country, but it is also the headquarters for many of our Nation's most important industries.

By exerting undue influence on industry through its control of ancillary businesses and labor unions, organized crime can use its

[1] See p. 866.

base in New York to wield immense economic power throughout the country.

As we will hear this morning from a former member of one of the New York LCN families, the primary means by which organized crime obtains control over legitimate business is through its control of labor unions, and that is the real power behind the LCN in New York.

Organized crime's control of organized labor results in organized extortion. Kickbacks can become just one of the costs of doing business. Of course, most labor unions in New York and elsewhere are not involved with, or under the influence of, organized crime. But in these hearings we are necessarily concerned with those few that are.

Mr. Chairman, I would like to take this opportunity to commend you, and Chief Counsel Eleanore Hill, as well as your staff, for focusing the attention of this Subcommittee and the American people on the problem of organized crime.

Under your direction PSI has continued to carry out its important mandate to investigate and eliminate organized crime. Perhaps in 25 years, hearings such as these will be unnecessary, and the only evidence of the LCN will be in crime novels and old movies.

Thank you, Mr. Chairman.

Senator NUNN. Thank you very much, Senator Roth.

Let me just add a word. We are going to hear a good bit about some industries, and some labor unions this morning, and as Senator Roth has just stated, when organized crime does control either organized labor unions, or segments of industry, it is indeed very serious.

I think we need to put it in a broader perspective, however, before we begin. We have had testimony over and over again before this Subcommittee, over the years, that in some cities, and perhaps New York is one of those in which control by organized crime of labor is disproportionate perhaps, but, overall, most labor unions, most labor leaders are honorable, law-abiding citizens.

We are going to hear some exceptions this morning in that context, and I hope we do put it in that context. I think the same thing can be said about business in this country. We are going to hear about corrupt businesses this morning, but that does not mean that all businesses in America or in New York City, or anywhere, are corrupt.

So I think we have to put it in context, and where it happens we have to be very concerned about it, but it is important to keep our perspective.

Mr. Cafaro, we are delighted to have you this morning. We are pleased that you are cooperating and we welcome your testimony, so why don't you proceed.

Mr. CAFARO. Good morning, Mr. Chairman, and members of the subcommittee. My name is Vincent Cafaro, known to my friends as the "Fish".

Thirty-six years ago, when I was 17 years old, a kid in New York City, I got "pinched" or busted for possession of 2 ounces of "junk," meaning narcotics.

Senator NUNN. Mr. Cafaro, if you want to pull that mike down a little bit, I think it might be easier. Just take your time now. We have got plenty of time. You have got all the time you need. Just take your time as you present your statement.

Mr. CAFARO. Yes, sir. My grandparents went to "Fat Tony" Salerno, at the time a soldier in the Genovese family or "brugad," for help. Fat Tony took me aside and gave me some advice: leave the junk alone; if you need money, go out and steal.

Six or 7 years later, around 1958, Fat Tony came to me and asked me if I wanted to work for him in a numbers office. I said yes, and stayed with Fat Tony for the next 25 years. In the end, Fat Tony had become, in many ways, like a father to me.

In 1986, the Federal Government charged Tony, myself, and 14 others, amico nostra, for, among other things, racketeering, extortion and conspiracy.

Tony and the others are now awaiting a jury verdict on those charges in New York City. Shortly after the indictment was returned, I began cooperating with the FBI and the U.S. attorney's office.

I agreed to and did wear a wire for the FBI for 5 months in New York City. In October 1987, for a number of reasons, including concern for my family, I informed the prosecutor's office that I no longer wished to cooperate, and was placed in custody to await trial.

I am providing this statement independently of any agreement with the U.S. attorney's office. My case and all the charges against me remain pending. I have not been given any immunity by the Federal Government or by this subcommittee.

In 1974 I got "straightened out." In other words, I became a "made" member of the Genovese family or the "brugad," a true amico nostra. This is not something that you ask for. It is something that you are offered by the family, if they feel you are worthy.

Our family or our "brugad" has approximately 400 members, with a definite hierarchy: a boss, an underboss, and a consigliere, followed by 14 caporegimes. Each caporegime has a crew of at least eight.

The boss of the Genovese family is Vincent Gigante, also known as "Chin." Bobby Manna—Louis Manna—is the consigliere. Until his death in April 1987, Sammy Santora was the underboss of our brugad.

Beginning in the early 1980's, Fat Tony Salerno was generally recognized on the streets as the boss of the Genovese family. In fact for years Fat Tony reported back to Phillip Lombardo, also known as Ben or Benny Squint.

In the 1960's, when Vito Genovese went to jail, he had turned over control of our brugad to Lombardo. Lombardo wanted to stay in the background and keep the heat off himself. So over the years, Tommy Ryan, then Eli Zaccardi, then Funzi Tieri, and finally Fat Tony, fronted as the bosses of the family while Lombardo controlled things from the background.

In 1981, Fat Tony had a stroke and was "pulled down" by Lombardo, Vincent "Chin" Gigante, Manna, and Santora. Lombardo was also in poor health and retired.

Senator NUNN. Could I stop you right there, what do you mean by "pulled down"?

Mr. CAFARO. In other words, he was not the boss any more. He was taken down.

Senator NUNN. It does not mean he was killed, or anything like that, or hurt, or harmed?

Mr. CAFARO. No, no. He was just taken down. He was not a boss any longer.

Senator NUNN. Thank you.

Mr. CAFARO. Gigante became the boss behind the scenes with Santora as the underboss, and Manna as the consigliere.

Gigante also allowed Fat Tony to continue to front as the boss, letting the other families believe, as recently as 1984, that Fat Tony still controlled our brugad.

Fat Tony continued to represent the family by sitting on the commission and in meeting representatives of the other families. In fact Fat Tony conferred with Chin on any major matters affecting the family. Chin attended one commission meeting but preferred that Fat Tony go to these meetings.

I remember the day I became a member of the Genovese family. Tony Salerno had told me and Patty Jerome to meet him and Buckaloo one morning. When we arrived, Buckaloo took me to the El Cortile Restaurant on Mulberry Street, where we met with Funzi Tieri, the brugad's underboss, and Fat Tony, who at that time was the consigliere.

I knew what I was there for when I saw a gun, a knife, a pin, alcohol and tissue laying out on the table. Funzi asked me if I wanted to become a member of the family. He said I could accept or not accept, and there would be no hard feelings.

But he also said "once you accept you belong to us. We come first. Your family and home come second. We come first, no matter what." And I accepted.

Funzi then showed me the gun and the knife, and says "This is the gun and the knife, you live with the gun and die by the knife." He told me that Fat Tony had sponsored me, and gave me a piece of paper to let burn in my hand while I took the oath. "If I betray the Cosa Nostra, I shall burn like this paper".

He then pricked my trigger finger with the pin and told me, "Now you are amico nostra, you have been born over again. Now you are a man; you belong to us."

From that point on, I was amico nostra, a soldier in the Genovese family, the most powerful mob family or "brugad" in New York City, and, for that matter, in the United States.

There were certain rules that all amico nostra lived by: no fooling around with another amico nostra's wife; no "junk"; no dealing with pornography or Government bonds; and never talking about "this thing" to anyone but another amico nostra.

Senator ROTH. Would you explain what you mean by "no junk."

Mr. CAFARO. It is narcotics.

Senator ROTH. Narcotics. Thank you.

Mr. CAFARO. We were a very disciplined organization. A soldier had to check in at least once a week with his caporegime. A soldier could not make a "score," meaning any illegal business, without the approval of his capo. If he wanted to, a caporegime could

demand 10 percent of the profits made by his soldiers on a score. A soldier could not even carry a gun without first getting approval from his capo.

Most important, we knew never to ask questions about another amico nostra's business unless it was also our business.

La Cosa Nostra enforces its rules through murder. So we even have rules about who could or could not be murdered, or, as we say on the streets—clipped, whacked or hurt. First of all, killings were mandatory for certain offenses. Messing around with another amico nostra's wife or family; dealing in "junk"; "ratting"; refusing to go on a hit if asked; knowingly killing a cop or other law-enforcement agent. Also, if someone you sponsored "ratted", you would be killed as being responsible for his actions.

No killing or "hit" could take place without the approval of the hierarchy of your family. The first step in getting that approval was to take your "beef" to your capo, who in turn gets approval for the hit from the consiglieri and the underboss. Ultimately, no hit could go down without the approval of the boss.

If the boss okays the hit, the capo assigns it to you to be carried out. You decide who, if anyone, from your own regime, will help you do the job.

If the hit is against a member of another family, your boss will take the beef to the boss of that family. If he agrees, members of that family will carry out the hit. If he disagrees, and the hit takes place anyway, a "war" may result.

As for me, I was never asked to carry out a hit. I never had to kill anyone. This was because Fat Tony always looked out for me. It was like a father and son relationship. However, I knew that if I was ever asked, I would have to kill or be killed.

What I did for our family was to run the numbers business in West Harlem from about 110th Street to 153rd Street. I had about 72 controllers working under me. We had plenty of willing customers. We paid 6 to 1. The New York lottery only paid 5 to 1. At my peak I was grossing about $80,000 per day with a net of about $65,000 before payouts. I had some bad years, but in a good year I could make as much as $2 million or more. Whatever money I took, I split 50–50 with Fat Tony. Later I expanded my business from numbers into sports betting.

My family made a lot of money from gambling and the numbers rackets. We got our money from gambling but our real power, our real strength came from the unions. With the unions behind us, we could shut down the city, or the country for that matter, if we needed to, to get our way.

Our brugad controlled a number of different unions, some of which I personally dealt with, some of which I knew about from other amico nostras. In some cases we got money from our dealings with the unions, in some cases we got favors such as jobs for friends and relatives, but more importantly, in all cases we got power over every businessman in New York.

With the unions behind us, we could make or break the construction industry, the garment business, the docks, to name but a few.

For example, Bobby Rao—Robert Rao—was a union official with a local of Hotel Workers and Bartenders Union, Hotel, Restaurant

Employees, AFL–CIO Production, Service and Sales District Council.

Bobby and his union belonged to our brugad. Every month, Bobby would bring over anywhere from a $1,000 to $2,000 for me to give to Fat Tony, which I would split with Fat Tony.

At Christmas, Bobby would bring over $25,000 for me to give to Fat Tony. Fat Tony would tell me how to split the money up—half, or $12,500 to Ben Lombardo who, at the time, was the boss of our family behind Tony; another $6,500 to Tony Provenzano, or Tony "Pro," a family member who controlled Teamsters Local 560; and the remainder to be split between Fat Tony and myself.

I knew that the money that Bobby Rao delivered was money that was skimmed from union funds, including union dental and medical plans. I knew this because Bobby himself told me so.

Although our brugad probably had the greatest amount of union influence in New York City, the other families also had control of unions in certain areas and industries.

As a result, some of the most important industries in New York City, such as the waterfront and shipping industries, construction and concrete industries, the garment center, and the convention center operations, were all subject to mob influence and control.

Another major source of our power and income for our brugad was the mob's control of the concrete industry through what we called the "2 percent club." Fat Tony and Paul Castellano were partners with Nicky Auletta in S&A Concrete.

Salerno and Castellano had put up no money, but had provided Auletta with their control and influence of the construction unions. Through S&A Concrete, the Genovese and Gambino families also took over the high-rise construction business of DIC Concrete and Construction.

Castellano also controlled "Biff" Halloran, the owner of Transit Mix and Certified Concrete. Castellano could control Halloran and others like him because Castellano controlled Local 282 of the Teamsters Union. All of the concrete drivers belonged to that Local 282.

For a while, only Halloran was allowed to deliver concrete to construction sites in Manhattan. Fat Tony and Castellano used their influence to insure that contractors bought all of their concrete from Halloran. In return, for every sale arranged by Fat Tony and Castellano, they got back from Halloran $1 per yard of concrete poured.

During the same time, "Junior" Persico, the boss of the Colombo brugad and "Tony Ducks" Corallo, the boss of the Lucchese brugad, raised a "beef" about Halloran being the only one allowed to deliver concrete in Manhattan.

Both of them had connections with concrete plants and wanted to get a piece of Manhattan. Persico gets $3 to $4 a yard from Ferrara Brothers, Ozone Park, Queens, New York, for concrete sales obtained for them by Junior. Fat Tony and Castellano told them that Halloran was with them, and given the strength of their families, were able to keep Persico and Corallo out of Manhattan.

This worked well until a "beef" arose between Castellano and Halloran regarding payment for some damaged trucks. As a result

of that dispute, Halloran stopped payments to Fat Tony and Castellano, and other concrete companies were allowed into Manhattan.

To control the award of contracts, Vinnie DiNapoli came up with a plan for the "2 percent Club" consisting of high-rise concrete construction contractors.

The Genovese, Gambino, Lucchese and Colombo brugads ran the club. Each family had a "made" guy who knew the construction business as its representative on the club. These individuals ran the club, but any "beefs" were settled by the bosses of the families.

The club members split up all of the jobs over $2 million. S&A Concrete got all the jobs over $5 million. After a while, the smaller contractors who were not members of the club started beefing because there were not enough jobs under $2 million to go around, and eventually, the $2 million rule was raised to $3 million. Anything over $5 million still went to S&A concrete.

A club contractor that was given a job had to pay the club 2 percent of the contract price. This 2 percent was split among the four brugads.

Senator NUNN. Mr. Cafaro, if I could interrupt you right there, and when you say they control these contracts, and anything over $5 million went to a certain company, anything under $2 million, for a period of time, went to people who were not members of the club, is that right?

Mr. CAFARO. Yes.

Senator NUNN. And then you raised that to $3 million?

Mr. CAFARO. Three million.

Senator NUNN. Now how did they control this? Presumably whoever is awarding the contract wants a low price. Were they doing it through rigged bids?

Mr. CAFARO. Through bid rigging. They would put in a bid of—we say $1.5 million. You would put in your bid for $1.5 million, and me knowing I could get the job, we knew the bids, and I would tell you put in a bid for $1.3 million, and that is how the contractors went along with that.

Senator NUNN. In other words, before the bids were put in, there was an agreement among the members of the club—

Mr. CAFARO. You put in a bid for $1.5 million, I put in a bid for $1.3 million, and that is how I got the job.

Senator NUNN. So you knew who was going to be the low bidder before the bids went in?

Mr. CAFARO. Yes, sir.

Senator NUNN. How did you restrict outsiders from bidding?

Mr. CAFARO. Well, there were so many jobs allocated from the Dodge report. They would get the Dodge report and see how many jobs were coming up in a certain amount of time, and they would start to work on the bids from then.

Senator NUNN. Well, you had to make sure nobody that was not a member of the club bid, right?

Mr. CAFARO. Well, you made sure that was not done because of the contractors you had. Most of these contractors got all the work anyway, but you made sure you got so many jobs, I got so many jobs, he got so many jobs, and it was done with the bid.

Senator NUNN. But you are basically saying there was not any competition?

Mr. CAFARO. No, none whatsoever.

Senator NUNN. No real competition?

Mr. CAFARO. No.

Senator ROTH. Could I ask one question there, Mr. Chairman. Does that mean all construction on Manhattan was controlled by these measures?

Mr. CAFARO. I would not say all of it but 75 percent of it.

Senator ROTH. Could you estimate what percentage.

Mr. CAFARO. I said 75 percent.

Senator ROTH. 75 percent?

Mr. CAFARO. Yes.

Senator ROTH. Thank you, Mr. Chairman.

Senator NUNN. Thank you. Go ahead.

Mr. CAFARO. I have reviewed charts of the five New York families which have been shown to me by the Subcommittee staff. I have identified for the Subcommittee staff many of those individuals who I know, either personally or through other amico nostras, including the five current bosses of the New York families: Vincent "Chin" Gigante of the Genovese family; John Gotti of the Gambino family; Victor Amuso of the Lucchese family; Philip Rastelli of the Bonanno family; and Carmine Persico of the Colombo family.

Senator NUNN. How many of those have you met personally? How many of those individuals? Let's take them one by one, and tell us whether you know them personally, or through others.

Mr. CAFARO. I met—well, Vincente "Chin" Gigante is a boss I met.

Senator NUNN. You know him personally?

Mr. CAFARO. Personally. John Gotti, I met him at MCC. Never knew him until I met him at MCC.

Senator NUNN. MCC being?

Mr. EAMES. That is the Metropolitan Corrections Center.

Senator NUNN. Right. So you met him personally, too?

Mr. CAFARO. Yes. Victor Amuso, "Little Vic," I met him personally. Philip Rastelli, I don't know him, never met him.

Senator NUNN. You know him by reputation but not personally?

Mr. CAFARO. Not personally. And Carmine Junior, I met him personally.

Senator NUNN. Persico?

Mr. CAFARO. Yes.

Senator NUNN. Thank you.

Mr. CAFARO. As for our own brugad, "Chin" Gigante is now clearly recognized on the streets as the boss. To the outside world, Gigante is known for his sometimes bizarre and crazy behavior.

In truth, he is a shrewd and experienced family member, who has risen through the ranks from soldier to capo to boss. His strange behavior, suggesting to the outside world that he is crazy, helps to further insulate him from the authorities.

In the meantime, his control of the family's activities is as strong and as calculated as ever.

Senator NUNN. Could you give us an example of his so-called crazy behavior.

Mr. CAFARO. Well, walks around with the robe and his pajamas. He——

Senator NUNN. You mean outside?

Mr. CAFARO. Outside, yes, by the club where he stays. He is always in his robe and his pajamas, and says crazy things. He does crazy things.

Senator NUNN. But it is all a guise, you are saying?

Mr. CAFARO. From what I hear, yes.

Senator NUNN. You are saying he is not crazy?

Mr. CAFARO. I do not think so.

Senator NUNN. Go ahead. Thank you.

Mr. CAFARO. As boss, Gigante ultimately controls any of the family's deals or scores. He directly controls all numbers operations in the area from Sullivan Street up to 14th Street.

He runs the St. Anthony Feast, a street festival held annually in Lower Manhattan. When "Tommy Ryan" was killed, Gigante took the book on his shylock business. Since that time that money has gone to Gigante's crew.

I also know that Gigante and John Gotti, as heir to Paul Castellano, and current boss of the Gambino family, both pushed Nick Auletta for a cut of the profits from the sale of the Bankers and Brokers Building, as a result of promises supposedly made to Fat Tony and Paul Castellano when Auletta first bought the building.

Gotti was seeking the money from Auletta because as the new Gambino boss, he would be entitled to all the business and money that used to go to Castellano.

For example, I remember Gotti asking me if I knew how much money Castellano had been getting kicked back every month from Scoissa Concrete Company.

I did not know but I told Gotti he should contact Funzi Mosca, who, as the Gambino representative in the "Concrete Club," would be able to give him the answer.

Thank you. That concludes my statement. I will be glad to answer any questions you may have.

Senator NUNN. Thank you very much, Mr. Cafaro. Senator Roth and I have a number of questions. And again, take your time. We are not in any hurry this morning.

The first question I have, you have used several terms that may not be clear during your testimony. What do you mean by the term, for instance, of amico nostra?

Mr. CAFARO. Amico nostra is a wiseguy, a made member.

Senator NUNN. I have not heard that term before. What is the difference in that and just being a member of the LCN or a made man? Is that the same thing?

Mr. CAFARO. Well, amico nostra, that is the term I use. Amico nostra. But you could say, friend of ours.

Senator NUNN. Friend of ours?

Mr. CAFARO. When you are making an introduction of a amico nostra to meet another amico nostra.

Senator NUNN. Is that your term uniquely, or do others use that term, too?

Mr. CAFARO. A lot of people do not use those terms. They use "friend of ours."

Senator NUNN. Why do you use amico nostra?

Mr. CAFARO. I am not going to go through that story now. Well, at one time I was drinking at a restaurant in a bar. And two

friends of mine walked in, and we were having a few drinks or whatever, talking about everyday things.

And I told this amico nostra who was a friend, meet a friend of ours. I do not know if I said friend of ours or friend of mine.

Senator NUNN. You were talking to someone who was a member of the family about someone—

Mr. CAFARO. Who wasn't a member of the family.

Senator NUNN. About somebody who was not?

Mr. CAFARO. To this amico nostra, who was a member, I must have said, meet a friend of ours, whatever his name, Jerry or whatever. So he took it upon himself to think that he was amico nostra. So the next day or a couple of days later, or a week later, they were introducing him as amico nostra, which he was not.

So he come up to see me about a week later, he says, Vince, you told me that so-and-so is a friend. I says, no, I never said he was a friend. But you introduced me. If I introduced you as a friend of ours or a friend, I says, I do not know; what is the problem?

He says, well, everybody is going—I introduced him, and everybody thinks he is a friend of ours. And I say no, he was never straightened out. I did not interpret it that way.

And he said, well, he said, I already did it. So I says to him, I says—he says, you got a problem? I says, no, I says I will see Tony, and I will discuss it with Tony.

But meanwhile, the kid who was supposed to be straightened out, says, gee, I got straightened out and I didn't even know about it. And that was it.

That is why—some oldtimer grabbed me, told me, say amico nostra, that's a word that was from Portuguese, the wiseguys over there used to use the word amico nostra, so that the agents or the cops couldn't infiltrate. They would ask you what's the word, and you had to say, amico nostra. And that's where it come from.

So I used to say amico nostra after that.

Senator NUNN. So you quit introducing people as a friend of ours, and started using that term?

Mr. CAFARO. I started using amico nostra.

Senator NUNN. What does the term, brugad, mean?

Mr. CAFARO. That's the family. That's your family.

Senator NUNN. That is the family?

Mr. CAFARO. That all consisted of amico nostras, is the family.

Senator NUNN. Where did that term come from? Is that used commonly by a lot of people? Or is that just your term?

Mr. CAFARO. That is the way I use it. Same fellow I was telling you about, amico nostra, he is dead now.

Senator NUNN. You also refer in your affidavit to beefs and sitdowns. Tell us what a beef is and what a sitdown is?

Mr. CAFARO. A beef is when you can have it within your family or another family with amico nostra; that's a sitdown. You have a dispute about something. It could be about a union; it could be about numbers; it could be anything. That's what a beef means to us.

Senator NUNN. In other words, a beef is a problem, and a sitdown is a negotiation?

Mr. CAFARO. Well, the—it is the same thing. A sitdown, who says a sitdown, who says a beef, it is the same thing.

Senator NUNN. A beef and a sitdown are the same thing?

Mr. CAFARO. Same thing.

Senator NUNN. So a beef is an effort to solve a problem?

Mr. CAFARO. Both are. A beef or a sitdown is the same thing, to solve a problem.

Senator NUNN. Have you taken part in sitdowns?

Mr. CAFARO. Yes.

Senator NUNN. Do sitdowns normally occur between people on the same level? In other words, soldiers, or capos, or bosses? Is there a mixed group?

Mr. CAFARO. Well, usually, if there is a beef soldier to soldier, it is you and the soldier, amico nostras. Or if there is, say, somebody around me that is not amico nostra, he gets into a problem with another fellow around another amico nostra, you let them try and straighten it out.

If they cannot, then we sit down for them. But you go according to rank. If you cannot straighten out the beef, I tell him or he tells me, we are going further. Which means going to your captain.

Senator NUNN. You have explained something about the way you go about requesting permission to murder someone within the family. Were you ever present when this type of approval for a murder was requested?

Mr. CAFARO. Requested by the boss?

Senator NUNN. Requested by anyone. In other words, were you ever present when a member of the family asked the hierarchy for permission to murder someone?

Mr. CAFARO. You have got to go through your captain, if you are a soldier. You go through your captain. And you give him the reason why.

I was there one time when this Philly—what is his name?—this Philly Buono had come down, he is amico nostra with us in our regime, and he was looking for an okay with this Nat Masselli.

Senator NUNN. Who was Nat Masselli? Was he a member of the family?

Mr. CAFARO. No. Not that I know of. I do not know him. I just know the name.

Senator NUNN. He was outside the family then?

Mr. CAFARO. Yes, yes. He come down with a piece of paper, about as big as this. And I was standing on the corner on 116th Street with Sammy Santora.

Senator NUNN. In New York City?

Mr. CAFARO. In New York City, yes. And he come down, he pulled this paper out of his pocket, and he showed it to Sammy.

Senator NUNN. Sammy was who?

Mr. CAFARO. He was the underboss in our brugad at the time.

Senator NUNN. Santora?

Mr. CAFARO. Yes. And he showed him the paper. Sammy read it, he said, well, could this hurt you? He says, yeah, I did a few things with this kid. And the kid was supposed to be a rat. So Sammy says, all right, I'll get back to you tomorrow.

So I says to Sammy, what are you going to do? He said, I am going to go down and see the skinny guy and the "Chin".

Senator NUNN. Who was the skinny guy?

Mr. CAFARO. That is what I interpret as Bobby Manna.

Senator NUNN. Who was Bobby Manna?
Mr. CAFARO. Bobby Manna is the consigliere in our brugad.
Senator NUNN. Of the family?
Mr. CAFARO. Yes.
Senator NUNN. And who was the "Chin"?
Mr. CAFARO. The boss of the family.
Senator NUNN. And tell us the name of the boss.
Mr. CAFARO. Oh, "Chin" Gigante, Vincent Gigante.
Senator NUNN. So the "Chin" was Gigante?
Mr. CAFARO. Yes.
Senator NUNN. Go ahead.
Mr. CAFARO. And he went down and supposedly seen him that day or that night. And I had seen Sammy the next day or a day later, whatever it was, and I asked him, I said, how did you do? He says, yeah, I got the okay for Philly. He says, in fact I got to go see Philly and tell him it is okay to do what he wants. And that was the situation.
Senator NUNN. What happened?
Mr. CAFARO. I do not know if it was a week later or two weeks later, whatever, the kid was found killed in his car in the Bronx.
Senator NUNN. The kid being Nat Masselli?
Mr. CAFARO. Nat Masselli, right.
Senator NUNN. The one the request was made on?
Mr. CAFARO. Yes. Yes, Senator.
Senator NUNN. Was anyone ever tried for that murder or hit?
Mr. CAFARO. Yes, they were convicted, this Philly Buono and Sal Odierno.
Senator NUNN. Was anyone else involved in the actual murder?
Mr. CAFARO. Well, not that I know of, Senator.
Senator NUNN. So they were actually arrested, tried and convicted?
Mr. CAFARO. Yes, Senator.
Senator NUNN. Do you know how that murder was carried out?
Mr. CAFARO. No.
Senator NUNN. Was it by gun, or do you know?
Mr. CAFARO. Well, according to what the newspapers say, he was killed in a car.
Senator NUNN. Were you present during conversations regarding the disappearance of Teddy Maritas?
Mr. CAFARO. Well, there was one conversation. I was standing on the corner on 115th Street and First Avenue.
Senator NUNN. That is again in New York City?
Mr. CAFARO. Yes. I was talking to some people. And Vinny DiNapoli asked me—he wanted to ask me something.
Senator NUNN. Who is that?
Mr. CAFARO. Vinny DiNapoli. He is amico nostra with us, with our regime. He says, I am a little worried about this Teddy Maritas.
I say, what do you mean, what? He said, I am a little scared about him. He was standing trial then on some concrete case, something, I do not know what about.
I says, so what are you telling me for? Go discuss it with Sammy, Sammy Santora. And that was the extent of it.

Senator NUNN. Do you know whether he did discuss it with Sammy later?

Mr. CAFARO. I do not know, Senator. I never spoke about it any more.

Senator NUNN. What happened to Maritas?

Mr. CAFARO. Well, according to the newspapers, he was missing.

Senator NUNN. How much later after that conversation?

Mr. CAFARO. I could not tell you offhand.

Senator NUNN. Several months, or within a year?

Mr. CAFARO. Could have been several months, several weeks.

Senator NUNN. Do you know, or do you have any way of knowing, or do you have any belief, about who was responsible for his disappearance?

Mr. CAFARO. I do not know. For him to ask something like that, I would say——

Senator NUNN. You would just be guessing, would you not? You do not really know?

Mr. CAFARO. I do not know.

Senator NUNN. Well, let us leave that one off. Was anyone ever convicted in connection with Maritas' disappearance?

Mr. CAFARO. No, Senator.

Senator NUNN. Do you have any knowledge regarding the murder of Tony Bananas? I believe the formal name is Antonio Caponigro.

Mr. CAFARO. Well, when the old man Bruno got killed in Philadelphia.

Senator NUNN. That is Angelo Bruno?

Mr. CAFARO. Yes. And he had got killed, he was the boss of the Philadelphia mob. And there was supposed to have been a power struggle there between this fellow, Chicken, he was the underboss there, and this Tony Bananas.

Senator NUNN. Chicken was Phillip Testa, wasn't it?

Mr. CAFARO. Philly Testa, right. He had come up to New York at one time to see Tony. And who was there was Tony "Ducks", Tom "Mix"——

Senator NUNN. Is Tony "Ducks" Corallo?

Mr. CAFARO. He is the boss of the Luchese family, Tony "Ducks" Corallo. Tom "Mix" Santora was the underboss.

Senator NUNN. Who was Tom "Mix"?

Mr. CAFARO. He was the underboss of the Luchese family.

Senator NUNN. That is his nickname. What is his——

Mr. CAFARO. Santoro. And Paul Castellano was there and Fat Tony. And this Chicken went and seen them. So when I seen Tony later on, after they had their meeting in the club, he said that there was a power struggle between Philly Testa and Tony Bananas Caponigro, and that there was a power struggle.

And then after that, a couple of hours after that, this Tony Bananas come to discuss it with Tony, and there was present Tony Ducks Corallo of the Luchese mob; Tom Mix Santora, the underboss of the Luchese mob; and Paul Castellano, and Fat Tony.

And whatever they discussed, I do not know. But about a week later this Philly Testa come back. So Tony introduced me to him as the underboss of the Philadelphia mob.

So he says to Tony that he thinks Tony Bananas was guilty of the murder of Angelo Bruno. And that was the extent to that.

Then about a week after that, Tony Bananas come up or 2 weeks after, he wanted to discuss something with Tony, and we were walking. And Tony said, I do not want to get involved. I do not want to hear about it. Go see Chin.

Senator NUNN. Who was he telling that to?

Mr. CAFARO. Tony Bananas. And that was the extent of that part of the conversation.

Then about a couple of weeks later, I do not remember the weeks, Tony Bananas had to go to 47th or 48th Street in the diamond center to meet Baldy Dom Cantarino, he is a caporegime in our brugad. And he had to meet Baldy Dom, whatever his name is, I cannot say the last name, and he had to meet him there between, I do not know, 47th or 48th Street in the diamond exchange.

And then that day or a couple of days later, they were found in the Bronx dead; Tony Bananas.

Senator NUNN. I did not hear that last part?

Mr. CAFARO. I says, Tony Bananas, a couple of days later or next day or two, 3 days later, was found in the Bronx dead.

Senator NUNN. You believe there was a direct connection between those conversations and his murder, then?

Mr. CAFARO. Yes.

Senator NUNN. Do you have any way of knowing who carried out the hit?

Mr. CAFARO. No.

Senator NUNN. So you do not know who carried it out?

Mr. CAFARO. No.

Senator NUNN. I am puzzled by the connection between the Philadelphia family and the New York family. Why was the New York family, your family, concerned about the murder of Bruno in Philadelphia?

Mr. CAFARO. It was not only our family. It was Paul Castellano there, Tony Ducks Corallo was there, and Tom Mix.

Senator NUNN. So there were three families?

Mr. CAFARO. Three families there.

Senator NUNN. Three New York families concerning the murder——

Mr. CAFARO. The killing of Angelo Bruno, being that he was a boss of another brugad. And usually it is not done that way, to kill a boss, without discussing it. So there is where the power play must have come in.

Senator NUNN. In other words, Bruno had been killed in Philadelphia——

Mr. CAFARO. Yes.

Senator NUNN [continuing]. And he had been killed obviously without a discussion among the other top mob leaders——

Mr. CAFARO. Yes, Senator.

Senator NUNN [continuing]. In the country, or at least in New York?

Mr. CAFARO. At least in New York or whatever. It was never discussed.

Senator NUNN. So they felt it was not within the overall protocol or the rules of the mob?

Mr. CAFARO. It wasn't in the rules; no, it wasn't in the rules.

Senator NUNN. To kill the boss without discussing it with other bosses?

Mr. CAFARO. Without discussing any reasoning or whatever.

Senator NUNN. Did they feel that they themselves might be in jeopardy if that protocol broke down, if they didn't enforce it?

Mr. CAFARO. I would say yes. I would say yes.

Senator NUNN. So it was something that offended them pretty seriously?

Mr. CAFARO. Yes, Senator, I would say.

Senator NUNN. Did Tony talk to you about this? Did he go into any detail?

Mr. CAFARO. Well, no, after this killing with Tony Bananas, the following week, he says, I am glad I sent him down to Chin; I did not get involved with this.

Senator NUNN. Why was he glad he did not get involved?

Mr. CAFARO. Well, my interpretation I guess is that because of the killing.

Senator NUNN. So he would prefer not to have been involved.

Mr. CAFARO. That is a family problem within—let them straighten out their own problems.

Senator NUNN. In other words, he would rather for Chin to be the one to make that decision rather than him?

Mr. CAFARO. Either that, or he just did not want to get involved with a family problem from another brugad.

Senator NUNN. Did Fat Tony tell you about the killing? Is that the way you found out about it?

Mr. CAFARO. No, I read it in the papers. It was in the newspapers.

Senator NUNN. And did Fat Tony ever tell you who he thought did the—actually carried out the killing?

Mr. CAFARO. Well, he had said to me, that is how I know about the appointment on 47th or 48th street in the diamond exchange, that it was an appointment made with Baldy Dom down there.

Senator NUNN. Appointment made with?

Mr. CAFARO. With Tony Bananas and Baldy Dom.

Senator NUNN. Baldy Dom?

Mr. CAFARO. Yes, he's a caporegime in our brugad.

Senator NUNN. Did Fat Tony tell you that Baldy Dom's crew actually carried out the killing?

Mr. CAFARO. No, he did not tell me they carried out the killing. My opinion, I would say yes.

Senator NUNN. Your opinion?

Mr. CAFARO. Yes. I misunderstood the question.

Senator NUNN. I believe in your affidavit, let me read that and see if this is correct, you say, reading, that in April 1980—this is page four, for counsel, page four of the affidavit. I am sorry, page 12 and 13 of the affidavit.

Let me read this to you and see where it is in error, if in error, or whether it is accurate if it is accurate.

You say, "In April 1980, 'Tony Bananas' visited Tony Salerno, at the Palma Boys Social Club. After this visit, Tony told me that he had advised 'Tony Bananas' to go see 'The Chin,' because he did not want to get involved in Philadelphia's problems. Fat Tony

thought that the matter was a Philadelphia problem, and passed the problem off to 'The Chin.' At the time, the acting boss was (underboss) Funzi Tieri, with Lombardo, the real power behind the scene, and Manna, the consigliere. A short time later 'Tony Bananas' and another guy were found murdered in the Bronx. In mid-April, 1980, Salerno told me, 'It's is a good thing that I did not get involved with this Tony Bananas thing and I sent him to see the Chin. He had an appointment with the Chin, Baldy Dom (Dominick) Cantarino picked him up and the other guy, at the Diamond Exchange on 47th Street or 48th Street (New York, New York), and they banged him out.' " Is that correct?

Mr. CAFARO. Yes, Senator.

Senator NUNN. Do you have anything to add to that? Are there any deletions? Any changes? Anything in error on that?

Mr. CAFARO. Oh, I do not know exactly who carried out the hit, who killed him. But it had to be the regime.

Senator NUNN. Right, yes. Was anyone ever convicted of the murder of Tony Bananas?

Mr. CAFARO. No, not that I know of.

Senator NUNN. Mr. Cafaro, what was your age when you became a made man, or straightened out, became a member of the LCN?

Mr. CAFARO. Say, 14 years ago, I was forty or forty-one years old.

Senator NUNN. Forty or forty-one years old?

Mr. CAFARO. Yes.

Senator NUNN. Why did you agree to become a member?

Mr. CAFARO. Well, when you were brought up in the neighborhood, East Harlem in New York City, you always looked up to the wiseguys, what I mean is amico nostra. And the kid from the streets, and whatever. And to us it's honor, honorable.

Senator NUNN. Did you know who the wiseguys were when you were growing up?

Mr. CAFARO. I knew some of them; not all of them. Of course then it was more of a secrecy than it is now.

Senator NUNN. What do you gain from being a member?

Mr. CAFARO. Well, you gain honor, respect; that is what you gain. Honor and respect.

Senator NUNN. Honor within the community?

Mr. CAFARO. The community and all over the city. Five boroughs, I would say.

Senator NUNN. How can an organized group like that that carries out all sorts of criminal activity including murder as you've described here this morning be considered honorable?

Mr. CAFARO. Well, in our way of thinking and our way of life, that is what it is to us. Being honorable, and respect. That is the way we are brought up. That is the way you are born and raised in these big Italian neighborhoods.

Senator NUNN. What about killing people? Is that considered within the rules of honor?

Mr. CAFARO. Well, yes, as far as a lot of guys look to get called to do killings; that's an honor to them. We do not kill innocent people, Senator. In other words, for you to kill somebody, it has to be a rat. He has to maybe fool around with somebody in your family, another amico nostra's wife, or you fool around with junk, or maybe your family got abused by someone.

Senator NUNN. In other words, when the rules are broken, you feel that the person that breaks the rule deserves to be murdered?

Mr. CAFARO. Oh, when it comes to amico nostra's wife or junk, there is no talking.

Senator NUNN. In other words, what about any other rules? Those various——

Mr. CAFARO. Well, as far as pornography and Government bonds and the lesser things there, they sit down and talk; they warn you.

Senator NUNN. In other words, you are not supposed to fool with junk, which is narcotics?

Mr. CAFARO. No junk, and amico nostra's wife.

Senator NUNN. No other member's wife.

Mr. CAFARO. Those are the two, there's no talking about it.

Senator NUNN. Those are the top two rules?

Mr. CAFARO. That is right.

Senator NUNN. You break those rules and you're a dead man?

Mr. CAFARO. There is no talking.

Senator NUNN. No question about it?

Mr. CAFARO. No question about it.

Senator NUNN. Now what about—you mentioned Government bonds?

Mr. CAFARO. You cannot fool around with Government bonds, pornography, there's a few others.

Senator NUNN. Why Government bonds? What's——

Mr. CAFARO. They do not want to get involved too much with, I guess with the Government, with the bonds and the securities there or something like that.

Senator NUNN. They believe that would be more rigidly enforced by Federal law enforcement?

Mr. CAFARO. I don't know. I could not answer that, Senator. I do not know why Government bonds. But we were told not to——

Senator NUNN. What about pornography?

Mr. CAFARO. Pornography, no pornography.

Senator NUNN. Why?

Mr. CAFARO. Well, because, it is like being a pimp.

Senator NUNN. In other words, that is not honorable?

Mr. CAFARO. No, not as far as we are concerned.

Senator NUNN. So someone fooling around with Government bonds or pornography, is that also, in your words, no talk? In other words, is that——

Mr. CAFARO. No, that you can sit down and talk about.

Senator NUNN. You can talk about those two things?

Mr. CAFARO. Those two things you can sit down and——

Senator NUNN. That is not capital punishment?

Mr. CAFARO. No, no.

Senator NUNN. But fooling around with someone's wife who is a member of the organization——

Mr. CAFARO. Or junk.

Senator NUNN [continuing]. Or junk, is?

Mr. CAFARO. That's—there's no talking then.

Senator NUNN. How do you explain so many people being convicted within the families of narcotics charges?

Mr. CAFARO. How do you explain it? How would I explain it?

Senator NUNN. Yes. In other words, you are saying that it was against the rules for members to fool with narcotics. And yet time after time it appears that they are——

Mr. CAFARO. If I got pinched for junk, I would want to stay in jail; I wouldn't want to come out on bail.

Senator NUNN. In other words, if your family found out that you had been convicted of junk, you were a marked man?

Mr. CAFARO. That's right. Yes, Senator.

Senator NUNN. When you say you never kill innocent people, now you mentioned a minute ago a fellow named, I believe it was Nat Masselli——

Mr. CAFARO. Yes.

Senator NUNN [continuing]. You said he was not a member of the family?

Mr. CAFARO. No.

Senator NUNN. How do you define innocent?

Mr. CAFARO. Well, according to—he was supposed to have ratted on this Philly about something; I don't know what.

Senator NUNN. So if you rat on someone, even if you are not a member of the family, you are fair game?

Mr. CAFARO. Fair game.

Senator NUNN. So the killings are not confined simply to family members?

Mr. CAFARO. No. If you are ratting, you rat on me, you are fair game. Like me, I am fair game.

Senator NUNN. You are fair game now?

Mr. CAFARO. Oh, yes, no question about it.

Senator NUNN. So if you were to get out on the streets now, you think you'd be a marked man?

Mr. CAFARO. Think? I know.

Senator NUNN. You know you would be?

Mr. CAFARO. Sure.

Senator NUNN. Let me ask one other question before deferring to Senator Roth, we've heard a lot about the International Longshoremen's Association. We had a whole series of Federal investigations on the waterfront back in, I believe it was, the late 1970's.

Do you know about those investigations, the so-called Unirac investigations?

Mr. CAFARO. No.

Senator NUNN. You are not familiar with them?

Mr. CAFARO. No.

Senator NUNN. What about right now, as far as you know, is the Genovese family still in control of the International Longshoremen's Association in the ports of New York?

Mr. CAFARO. Yes.

Senator NUNN. You know that for a fact?

Mr. CAFARO. Yes.

Senator NUNN. Personal knowledge?

Mr. CAFARO. Yes.

Senator NUNN. Who controls it for the family? Who controls this for the family?

Mr. CAFARO. Dougie Rago. He's amico nostra with our brugad. He's a union official there. He's been there for years.

Senator NUNN. He's a union official but also a made man?

Mr. CAFARO. Yes.
Senator NUNN. Do you know that personally?
Mr. CAFARO. Yes.
Senator NUNN. How?
Mr. CAFARO. I was introduced to him. He was in my regime.
Senator NUNN. Part of your regime?
Mr. CAFARO. Yes.
Senator NUNN. You dealt with him?
Mr. CAFARO. Yes.
Senator NUNN. Go ahead and tell us about that; as much as you know about it.
Mr. CAFARO. About what?
Senator NUNN. About Rago and his——
Mr. CAFARO. Well, he's—like I say, he is a union official with the ILA, and he's amico nostra with us. How long he is amico nostra, I do not know. But I was introduced to him as amico nostra.
And he has been under the longshoremen—well, I call it the longshoremen—with the ILA for years. And I had a conversation one day with Sammy Santora, and I was not aware of how much money was taken down at the ILA, via union officials.
And Sammy happened to mention to me one day that they were taking down $400,000 to $500,000 a year. I says, you are kidding? He says, no, that's what Dougie is pulling down, $400,000 to $500,000 a year.
And that was the extent of it.
Senator NUNN [continuing]. You say $400,000 or $500,000 a year. That money was coming to Doug Rago from——
Mr. CAFARO. According to Sammy, what he told me, yes.
Senator NUNN [continuing]. From union activities?
Mr. CAFARO. Yes.
Senator NUNN. Was Rago keeping the money or sharing it with the family?
Mr. CAFARO. I don't know what he was doing, Senator.
Senator NUNN. Was there ever a period of time when Rago wanted to retire?
Mr. CAFARO. Not that I can recall. He was never around anyway. He lives in Florida, I think.
Senator NUNN. Senator Roth.
Senator ROTH. Thank you, Mr. Chairman.
In a very real sense, an LCN is really a subgovernment, is it not? Once you become a member of a family, you disregard local law, but you are bound by the rules of this subgovernment; would that be a correct interpretation?
Mr. CAFARO. Yes, Senator.
Senator ROTH. It is considered above and beyond what we ordinarily call the law—is that correct?
Mr. CAFARO. Yes.
Senator ROTH. Now, I would like to go back to this question of the unions. You say that organized crime still controls the docks; is that correct?
Mr. CAFARO. The what, Senator?
Senator ROTH. That the union still controls the Brooklyn docks?
Mr. CAFARO. Well, both, New York and Brooklyn.

Senator ROTH. New York and Brooklyn? The past investigations and prosecutions have in no way diminished the LCN control of the docks?

Mr. CAFARO. No, Senator.

Senator ROTH. What other unions does the Genovese family control?

Mr. CAFARO. Local 560 Teamsters.

Senator ROTH. Local 560? What union is that?

Mr. CAFARO. That's the Teamsters. 272, that's the garage union. What other ones? The Javits Center in New York. The carpenters and the expos. Bobby Rao's union, I do not know what local that is. That is hotel and restaurant workers.

And there are all these other small unions, ambulance drivers.

Senator ROTH. How does the LCN get control of a union? How does it maintain control?

Mr. CAFARO. You mean the strength? I would say the shop steward is the strength there. He controls the workers. And when you send people down for jobs, you send them to the shop steward. Usually the amico nostra knows the shop steward. And you send him down, working guys to go to work.

And it straightens up the position of the union delegate.

Senator ROTH. Now, the shop steward is the one who decides who works; is that correct?

Mr. CAFARO. Well, he's—he hires and fires.

Senator ROTH. He hires and fires?

Mr. CAFARO. Right. He's the strength. When it comes to voting time for the union official, he puts in who he wants. He tells his men, vote for so-and-so. So that's where the strength.

Senator ROTH. How does the LCN control the shop stewards? Are they members of the family?

Mr. CAFARO. No. They are just working guys, shop steward. But they are controlled by the amico nostras, the wiseguys, whatever you want to call them.

Senator ROTH. Well, I am not clear. How does a wiseguy control the steward? By fear? By payoff? Or what?

Mr. CAFARO. No, none of that. It's his position. He got a job. Now he knows what we say through the union delegate, with the shop steward there, he's the strength to delegate as far as putting him there.

Usually he goes to the union guy when there's a problem. When we need a favor, we—and they know who the wiseguy is, involved, the shop stewards.

Senator ROTH. When you say shop steward, does that mean all of them are dominated by the LCN?

Mr. CAFARO. I don't say all of them, Senator. I do not say all of them.

Senator ROTH. A majority?

Mr. CAFARO. A majority, yes. You had asked me where the strength is, and I says, with the shop stewards.

Senator ROTH. Now, how does an LCN family use its control of a union?

Mr. CAFARO. Well, you can use it in any way you want. You want to pull a strike. Or maybe the union guy is not getting enough

money, the officials or whatever. Sweetheart contracts. However you want to use the union, you can use it.

Senator ROTH. Can you use it for kickbacks?

Mr. CAFARO. Oh, sure.

Senator ROTH. I want to emphasize something the Chairman said a few minutes ago, because it is absolutely right. By far and away the majority of unions represent workers in an honorable way, so we are talking about the exception and not the general rule.

Now, you stated LCN families have substantial influence in the convention center's operation in New York City through their control of certain unions.

How do LCN families exercise influence through the convention center's operation?

Mr. CAFARO. Well, you got the locals. There's the carpenters, electricians, the platform where they pull up with the trucks to unload, whatever. There are all different locals there.

And most, I would say at least half the locals in the city is run by wiseguys. Carpenters, laborers, expos; so that is all wiseguys involved.

Senator ROTH. Now, earlier in your testimony, you said, if I understood correctly, that something like 75 percent of construction in New York City was controlled or influenced——

Mr. CAFARO. By the wiseguys.

Senator ROTH [continuing]. By the LCN; is that correct?

Mr. CAFARO. Yes, yes.

Senator NUNN. May I ask a question on that, because I was not clear a little while ago on that.

We were talking about the concrete industry now when we were talking about that. Are you talking about overall construction, or the concrete part of it?

Mr. CAFARO. I would say the concrete part of it. And I would say 50 percent of the overall is controlled by——

Senator NUNN. But 75 percent of the concrete?

Mr. CAFARO. Concrete, yes.

Senator NUNN. And that is in New York City?

Mr. CAFARO. New York City.

Senator ROTH. And you say 50 percent of the construction?

Mr. CAFARO. I would say of the construction.

Senator ROTH. So that means that 50 percent of the buildings constructed in New York are in one way or another——

Mr. CAFARO. Affiliated with wiseguys, the contractors.

Senator ROTH. Are what by the wiseguys?

Mr. CAFARO. The contractors are affiliated with wiseguys.

Senator ROTH. Affiliated with wiseguys. Now, I am not exactly clear how they use their influence in this area. You mentioned, for example, that when the contracts are let, they know what the price would be.

Mr. CAFARO. They know the bids.

Senator ROTH. They know the bids?

Mr. CAFARO. Right.

Senator ROTH. Now, how does that work out in a private contract? Let us say I am a businessman and want to build a building. So what do I do? I go and get a general contractor?

Mr. CAFARO. You want to build a building?

Senator ROTH. Yes.

Mr. CAFARO. Yes, you get a general—GC, they call them. And he told you I guess how much it is going to cost you for the building to go up with everything involved.

Senator ROTH. Is he the one that lets the contracts?

Mr. CAFARO. The GC? No. I am sure the owner.

Senator ROTH. It is the owner that does it.

Mr. CAFARO. He is the one. Whoever works for——

Senator ROTH. Why would the owner cooperate?

Mr. CAFARO. It is not that he is cooperating. Whoever is giving out the bids that works for the owner that wants to build the building, whoever works with him for the bids, receives the bids.

Senator ROTH. Would that be an employee of the owner?

Mr. CAFARO. I would say, yes, sure. And he would tell certain contractors what the lowest bid is.

Senator ROTH. He would, as a general rule, he would tell——

Mr. CAFARO. Well, I do not know about a general rule. But certain contractors he would tell.

Senator ROTH. And he is the one who lets them know what the——

Mr. CAFARO. What the lowest bid is.

Senator ROTH. So somebody else can come in and bid lower?

Mr. CAFARO. Right.

Senator ROTH. Are you saying then it takes the owners as well as the general contractor to control these bids?

Mr. CAFARO. The owner does not control the bid. In a sense he does, but the bid is given out to one of his employees. He gives out the bids. The contractor, whatever. And when he gets into bids, he knows what is the lowest bid.

So now as we say, a contractor with a wiseguy that he is friendly with. And he tells him, this is our bid, the lowest bid we got. And he will go in with a lower bid. Where you would not know the bid.

Senator NUNN. Let me ask a followup on that. In other words, Senator Roth owns a lot and he wants to build a building on it in New York City, and the bids come in, and they're rigged bids.

Senator ROTH. Are they rigged at that stage?

Senator NUNN. They are rigged, in other words, the people doing the bidding are conspiring——

Mr. CAFARO. It is already rigged.

Senator NUNN. All right, does the owner know about it in most cases or some cases?

Mr. CAFARO. Well, that I do not know, Senator. That I do not know. The bids are already rigged when they go in.

Senator ROTH. Is it rigged when the bids go in?

Mr. CAFARO. Yes, the Two-Percent Club knows all the jobs. So now naturally four or five contractors start to put in bids, and sometimes——

Senator ROTH. So it is through the general contractors that the LCN exerts its influence?

Mr. CAFARO. I would say yes. The legitimate guy has not got a chance when them bids go in.

Senator ROTH. And you said approximately 50 percent of construction in New York City is handled in this manner?

Mr. CAFARO. Sure, I would say.

Senator ROTH. Let me ask you this. You have mentioned a number of unions, but what businesses are controlled or dominated by the LCN? Could you name them?

Mr. CAFARO. Legitimate businesses?

Senator ROTH. Legitimate businesses.

Mr. CAFARO. Well, I would say garbage.

Senator ROTH. Garbage.

Mr. CAFARO. Private carting.

Senator ROTH. As a general rule, those that handle garbage are controlled, influenced, by the LCN families?

Mr. CAFARO. Yes, I would say——

Senator ROTH. Genovese family?

Mr. CAFARO. Genovese, all the families.

Senator ROTH. Do you know that from personal knowledge?

Mr. CAFARO. Well, sure.

Senator ROTH. What are the names of the companies?

Mr. CAFARO. Well, I know—I do not know the names of the companies, but I know a few guys that are in the garbage business.

Senator ROTH. Who are they?

Mr. CAFARO. Matty "the Horse" Ianello. He's a caporegime with us. He's in it. Tommy Mallo from the Bronx, they are in it. But mostly that is controlled by the mob.

Senator ROTH. What other legitimate businesses are controlled——

Mr. CAFARO. Have they got?

Senator ROTH. What?

Mr. CAFARO. Have the wiseguys got?

Senator ROTH. Yes.

Mr. CAFARO. Trucking business.

Senator ROTH. The trucking business?

Mr. CAFARO. I would say trucking business.

Senator ROTH. Can you name any specific businesses?

Mr. CAFARO. No. No.

Senator ROTH. What other businesses?

Mr. CAFARO. Well, I would say mainly garbage and trucking; that is what I would say.

Senator ROTH. The LCN apparently has a prohibition against trafficking in junk, or drugs. If so, why do we see so many members of the LCN being prosecuted for drug trafficking?

Is there a change in the practices of the family? Are the younger members of the LCN more inclined to be involved in drugs than the older?

Mr. CAFARO. No, my opinion, I would not say that. I say the money. The money is great. You can become rich overnight. That is what I would say. Whether you are young, old, whatever; the money.

Senator ROTH. Is drug trafficking in New York City controlled in any large percentage by organized crime, despite its prohibition?

Mr. CAFARO. Senator, I cannot speak for other families. But I can speak for my—well, it was my family. I can speak for the Genovese family. No way in hell they would fool around with junk. There might be sneakers; but as far as I know, none.

Senator ROTH. To your knowledge members of your family——

Mr. CAFARO. No. There might be sneakers; there might be guys that are.

Senator ROTH. What about the other families? What about the Bonanno family?

Mr. CAFARO. Well, we were told at one time, years back, not to get involved with the Bonanno mob, because first of all they're in the junk business—most of them were—and there is no organization there. There is no—1 week it is a boss; next week it is somebody else.

So we could not get involved with them, mainly for the junk. They are disorganized.

Senator ROTH. Do you know if and how the LCN launders money?

Mr. CAFARO. Well, I guess through legitimate business people, they would launder their money. I know I did one time with Roy Cohn, a $200,000 gambling check, I laundered a check through him.

Senator ROTH. How did you do that?

Mr. CAFARO. Well, the fellow that owed me the money, he owed me $200,000, he was a client of Roy Cohn's. So I said, make out a check to Roy Cohn for $200,000, and I will get the money from him. That is how I laundered it.

Senator ROTH. Did you ever get the money?

Mr. CAFARO. $50,000.

Senator ROTH. Out of how much?

Mr. CAFARO. Out of $200,000.

Senator ROTH. So he still owes you $150,000?

Mr. CAFARO. What, am I going to go on his grave and get it?

Senator ROTH. It is my understanding that some of the bosses have their own private armies aside from their families. Is that true?

Mr. CAFARO. That was the days of Carlo Gambino. He had the Cordeleones from Italy. He had a private mob which—no boss is supposed to have a private mob. So when he died, Paul inherited the Cordeleones from Sicily. And he had a private mob.

Senator ROTH. Was the private mob to protect himself from his own family, if necessary?

Mr. CAFARO. I would say yes. For his own—that nobody knows, a hidden mob, you called it. I would say yes.

Senator ROTH. Now, you talked about some fairly substantial sums being taken by the LCN. Is there any effort on the part of the LCN to take that money, launder it, and buy into legitimate businesses?

I am not talking now about the garbage or the trucking industries.

Mr. CAFARO. I would say yes. I would say they are going through legitimate businesses.

Senator ROTH. In any significant way? How much would you say your family has invested in legitimate businesses? Do you have any idea?

Mr. CAFARO. Oh, gee, I do not know, Senator. I really could not tell you that. I could not answer that.

Senator ROTH. Do you know what any of these businesses would be?

Mr. CAFARO. Well, like I says, mainly it was trucking and garbage. But if it is a legitimate business, they look to go into legitimate business. And anything that is flourishable, or they can make money with, they would go into business. Bakery, anything, as long as it is legitimate and they can make money with it. Any business. There are no exceptions.

Senator ROTH. Mr. Cafaro, could you briefly explain the purpose of the Two-Percent Club, how it worked and who the members were?

Mr. CAFARO. Well, members as far as who? Contractors?

Senator ROTH. Yes.

Mr. CAFARO. Or wiseguys?

Senator ROTH. Both.

Mr. CAFARO. Well, the Two-Percent was created about, I do not know, 5 or 6 years ago, when Vinnie DiNapoli had put it together. This way it don't create a problem among contractors. Whoever had contractors with them, they would not go in and put in a bid to take a job away from you, they would underbid you.

So not to create a problem, to keep the peace, the circle was formed, the Two-Percent circle with the contractors. So everybody would get so many jobs, and keep everything going good.

And who represented—there were a load of contractors who were in it. I cannot remember all the names offhand.

Senator ROTH. Can you name some of them?

Mr. CAFARO. Well, you had S&A Concrete; that is Nick Auletta. You had G&G. XLO. Cedar Park. Century Maxim. Glenwood. Technical. North Berry. Metro Concrete. You had seven or eight different contractors; maybe ten. And they would belong to the circle.

Senator ROTH. I am sorry, I could not hear. They would what?

Mr. CAFARO. And they would belong to the circle, which meant the Two-Percent circle; that is what we called it, the circle. And when the jobs come out, so many jobs, five or six jobs were coming out, that buildings were going up, they would allocate so many jobs.

Over $5 million on the concrete, S&A would get it. Under $5 million, another company would get it. And the same thing with the contractors. So many jobs, and so many were given out. And everybody got a piece of the action.

Every family's representative there that was there got a job. With the contractors. Or for the contractors.

Senator ROTH. Now, in what ways does a wiseguy make money on a construction job?

Mr. CAFARO. Well, now, once he gets the job, the contractor, automatically the 2 percent goes into the pot; 2 percent of the job, say $20,000, goes into the pot from all the contractors, and that is split up amongst the four families.

Senator ROTH. Split up between them?

Mr. CAFARO. It is split up between the families, yes.

Senator ROTH. There have been a number of LCN prosecutions recently. Do you think that the families in New York have been damaged by these prosecutions, or do you think they will continue to function effectively in the future?

Mr. CAFARO. That will go on forever, Senator.

Senator ROTH. As far as you are concerned, there is no way——

Mr. CAFARO. No.

Senator ROTH. Are you aware of the forfeiture of assets on the part of your family to the Federal Government as a result of prosecutions?

Mr. CAFARO. Yes, there is—I am aware of it.

Senator ROTH. Have there been any major forfeitures on the part of your family?

Mr. CAFARO. Mine, personally?

Senator ROTH. Yes.

Mr. CAFARO. Well, they got some levies on my son's property, and my daughter.

Senator ROTH. What about the Genovese family in general? Have they been affected by forfeiture of their holdings?

Mr. CAFARO. Well, on this case that is going on now, on the Salerno case, there's forfeitures there, on Fat Tony, Vinnie DiNapoli, Louie DiNapoli, Biff Halloran, Nick Auletta, there are forfeitures there.

Senator ROTH. You do not see either the prosecutions or these forfeitures in any way really harming the continuity of the Genovese family?

Mr. CAFARO. None whatsoever.

Senator ROTH. If you were a law enforcement official, what would you do or what do you think could be done to try to end their influence?

Mr. CAFARO. Cannot end it. You can try to curb it. I do not think you are going to end it. But what you can do is, try to curb it.

Senator ROTH. Do you think the younger people coming up are as well disciplined and able to carry on in the same manner as the more senior members?

Mr. CAFARO. They are not as disciplined as we are, the oldtimers. They are not as disciplined. I would call them renegades.

Senator ROTH. Are they more violent—the LCN boss in Philadelphia said he was a gangster.

Mr. CAFARO. We're all gangsters, Senator.

Senator ROTH. They're all gangsters?

Mr. CAFARO. We're all gangsters.

Senator ROTH. But do you see more violence? Early on you said that no innocent person was murdered by an LCN family. Do you think that is going to continue to be true of the newer breed of gangsters?

Mr. CAFARO. Well, I would say, yes, it is all up to the caporegimes. It is up to them to pull them in and make them understand. You got to school them. You got to teach them your way.

And when you got a restriction on them, you pull them in. You make them understand. Over here, there is no—you cannot do what you want. You do what we tell you.

And they will curb it. They will curb it. You get a few of them that get a little out of line, but they will pull them in.

Senator ROTH. So as far as you are concerned, you see the LCN continuing to be as potent in the future?

Mr. CAFARO. I would say, yes.

Senator ROTH. What about its relationship to Sicilian organized crime? Did you have any contact with Sicilians?

Mr. CAFARO. No. No, Senator.

Senator ROTH. Did your family?

Mr. CAFARO. They are not recognized by us.

Senator ROTH. Why is that?

Mr. CAFARO. Because first of all you do not know who they are. They could come here and say, they're amico nostra from Sicily. You could be being introduced to an agent or whoever. And they are vicious.

Senator ROTH. What do you mean by vicious?

Mr. CAFARO. They got no respect for one another. And most of them are in the junk business.

Senator ROTH. Now, you have reiterated several times that your family is not in the junk business. Do you see that changing in the future? There are those who say it is a $100 billion a year business. Do you not see your family becoming involved?

Mr. CAFARO. Well, no, like I always said, money makes a blind man see. So I do not know.

Senator ROTH. Now, you stated that the penalty for individual LCN members dealing with drugs is death.

Mr. CAFARO. Yes, Senator.

Senator ROTH. Now, you also said that there are some LCN members who have been involved with drugs. Do you know of anyone that has been given the death penalty because he violated the prohibition against drugs?

Mr. CAFARO. Well, like I said, I do not know about other families, Senator. I can speak for the Genovese family. I never heard of it with our family.

Senator ROTH. Isn't that sort of an empty threat, then?

Mr. CAFARO. There is a story years ago that I heard about Tony Bender. He was supposed to be fooling around with junk at one time. That is the time with Joe Cago—what is his name, Valachi?

Senator NUNN. Joe Cago was Valachi.

Mr. CAFARO. Yes, that is the only story I know, that he is missing from then.

Senator ROTH. He is missing, and that was 25 years ago. But there have been no recent cases?

Mr. CAFARO. Not that I know of.

Senator ROTH. My time is up, Mr. Chairman.

Senator NUNN. Thank you, Senator Roth.

Do you know, or have you heard anything, about Paul Castellano or the Gambino family being involved in drug trade?

Mr. CAFARO. Well, from what I heard when I was in the streets, as far as the rules, no fooling around with junk. I cannot speak for another family.

But what I was made to understand was that Paul was taking money from people that were around him in the junk business. He would say, you cannot fool around with junk, but leave the shopping bag, I will turn my head. In other words, leave the money.

That is all I know about that, Senator.

Senator NUNN. What is your opinion on why Paul Castellano was murdered? Do you have a view on that?

Mr. CAFARO. A view? The greed. The greed. He would shake down everybody. He would shake down his men. In my opinion, he would shake down his mother, too. That was Paul. That is what I say got him killed.

Senator NUNN. In other words, he didn't treat others——

Mr. CAFARO. As long as Neil was alive.

Senator NUNN. Who was Neil?

Mr. CAFARO. Neil Dellacroce. As long as he was alive, I think Paul would have still been alive today.

Senator NUNN. Why is that?

Mr. CAFARO. Because Neil was a guy that, he is the boss and that is it. Paul was his boss, and that was the way it was going to be.

Senator NUNN. And Neil protected him?

Mr. CAFARO. He protected him, yes. That is what I was made to understand.

Senator NUNN. Was he protecting him with physical means, or was he protecting him because Neil was powerful himself and respected him?

Mr. CAFARO. Well, Neil was powerful; he was the underboss. Neil Dellacroce.

Senator NUNN. In other words, Neil's respect helped protect Paul Castellano?

Mr. CAFARO. Yes.

Senator NUNN. How did Vincent Gigante become a power in the Genovese family?

Mr. CAFARO. Well, I say his power come from his regime. He has got a powerful regime. He has got maybe 30 or 40 members. That is without counting—he is affiliated with them.

Senator NUNN. Let me shift back to the contractor business. Why would a contractor want to pay money to a member of organized crime?

Mr. CAFARO. Well, he gets jobs. And then don't forget, with the bid rigging. I can go in a bid for, let us say, $4 million. Maybe the job is only worth $3½ million. So naturally the next contractor who is going to put in $4½ million, who is going to put in $5 million. So there is money being made.

And then they got the clearance with the unions. Do not have union problems as far as laborers, or the Teamsters.

Senator NUNN. In other words, two reasons. One is, the contractor makes more money——

Mr. CAFARO. Sure he does.

Senator NUNN [continuing]. By bid rigging. The second reason is because the wiseguys can basically——

Mr. CAFARO. They control the unions.

Senator NUNN [continuing]. Control the unions?

Mr. CAFARO. The laborers, truck drivers, carpenters, brick layers.

Senator NUNN. What is the incentive for the union leadership to be involved in that kind of operation? What do they get out of it?

Mr. CAFARO. The delegates? They wheel and deal for themselves. They go to the contractor or whoever, and he gets $x$ amount of dollars. Money goes right down the line.

Senator NUNN. Other than the money, does the contractor give the wiseguy anything else in return for the job?

Mr. CAFARO. He gives him the money, whatever he gives him. He gets maybe $50,000, maybe $100,000.

Senator NUNN. What about subcontractors?

Mr. CAFARO. Well, now there's some contractors is usually around wiseguys, so you get the plumber, he is looking for the job. So you tell him, all right, you go see so-and-so.

Senator NUNN. So the wiseguy helps control the subcontractor?

Mr. CAFARO. Yes, yes.

Senator NUNN. In other words they help the contractor get the job?

Mr. CAFARO. Then there is a subcontractor—if you got, let us say a plumber with you, or an electrician, or a carpenter, or the dry walls, you go to the contractor, you tell him, listen, give him this job, whatever. And that is how you get him.

Senator NUNN. Do the wiseguys get money back from the subcontractor by helping them get the job?

Mr. CAFARO. Yes. Yes.

Senator NUNN. So basically they are controlling everything from one end to the other.

Mr. CAFARO. Top to bottom.

Senator NUNN. Top to bottom?

Mr. CAFARO. Sure.

Senator NUNN. Did you ever accept a finder's fee for helping a contractor obtain a job?

Mr. CAFARO. Yes, Senator.

Senator NUNN. Tell us about that.

Mr. CAFARO. Well, S&A Concrete was looking for a job on, I do not know if it was 35th Street or 36th Street, First Avenue, in New York City. And a friend of mine, his contractor had the job.

So I went and see him, and tell him, listen, if you could, give S&A the concrete work and do me a favor. So he says, yeah, why not. So I got the job; he got the concrete work; and I got $240,000.

Senator NUNN. Now, who did you split that with?

Mr. CAFARO. Nobody.

Senator NUNN. That was yours?

Mr. CAFARO. Yeah.

Senator NUNN. Let me ask you this. You said in some good years you made $1 million, $2 million dollars a year, and this $240,000; you were handling an awfully lot of money, right?

Mr. CAFARO. Yes, Senator.

Senator NUNN. Did you save any of it? Did you put it up?

Mr. CAFARO. Nope.

Senator NUNN. What happened to it?

Mr. CAFARO. You want to tell them, Eleanore? I spent it, Senator. Just gave it away. I never got it all at once. I never had a big lump of money. As I was making it, I was spending it: women, bartenders, waiters, hotels. Just spending the money.

Senator NUNN. Spending, $400,000, $500,000, $600,000, $700,000 a year?

Mr. CAFARO. Sure.

Senator NUNN. A million dollars a year in some years?

Mr. CAFARO. If I had it to spend, I'd spend $3 million.

Senator NUNN. How do you spend $3 million?

Mr. CAFARO. That's easy.

Senator NUNN. Do you not get tired going out every night of the week?

Mr. CAFARO. No, sir.

Senator NUNN. Every night?

Mr. CAFARO. Three, four nights a week.

Senator NUNN. Did you loan money to people?

Mr. CAFARO. I loaned a lot of money to people. Never got it back.

Senator NUNN. Do you have a list? Did you keep up with it?

Mr. CAFARO. I had the list. I used to ask now and then. But they say they're broke; they ain't got it; be a little patient, I will pay, and this and that. And I never got it back. So when this happened to me, how am I going to get it back?

Senator NUNN. That is gone now, I take it.

Mr. CAFARO. That is gone. That is all water under the bridge.

Senator NUNN. Did you operate strictly on a cash basis? When you spent money, was it strictly cash?

Mr. CAFARO. When I went out spending? Yes, strictly cash.

Senator NUNN. Do you keep large amounts of cash on you?

Mr. CAFARO. I used to go out with $5,000 to $10,000 in my pocket.

Senator NUNN. Where did you keep the other cash that you had?

Mr. CAFARO. Leave it at somebody's house, somebody hold it for me; $40,000, $50,000, $100,000, whatever I had.

Senator NUNN. You did not operate through checking accounts, or anything of that nature?

Mr. CAFARO. No, no. I wish I could have.

Senator NUNN. Strictly cash?

Mr. CAFARO. Strictly cash.

Senator NUNN. What is your understanding of a commission meeting? Could you give us your definition of the word "commission" and "meeting"?

Mr. CAFARO. Well, from what I was made to understand, a commission meeting was made—the commission was formed in the late 1930s, after the wars. The wars, what I mean, the wars with the wiseguys. At the time, it was with the Sicilians. They were killing all the Sicilians in the 1920s and 1930s, when Luciano was in power.

So after they, I guess, killed whatever they had to kill, and whoever went back to Sicily, Luciano, they had killed, what's his name? Joe "the Boss" Masseria in New York? Joe the Boss. And he was the boss of bosses at the time.

So when Luciano became in power, he says, it would not be fair for me to be boss of bosses, because you got a family, he's got a family, he's got a family. Why should I tell you what to do? We will form a commission, and we will straighten out our grievances.

And the commission was only formed for the purpose of stopping wars. For peace.

Senator NUNN. Do we have a boss of bosses now?

Mr. CAFARO. No.

Senator NUNN. So the commission is the hierarchy?

Mr. CAFARO. Right. All the bosses sit at the commission.

Senator NUNN. They are on the same level then?

Mr. CAFARO. Right. And that is why the commission was formed in the late 1930s.

Senator NUNN. Did you ever take Fat Tony Salerno to commission meetings?

Mr. CAFARO. Yes.

Senator NUNN. Would you tell us about that? I believe a couple of occasions. Tell us about the first one.

Mr. CAFARO. I took him twice to Staten Island in the luncheonette there, I forget the name; it is on the paper there.

The first time I took him, it was me, Tony and Vinnie DiNapoli. We met in this restaurant with Tommy Bilotti. He was caporegime in Paul's, in the Gambino family, and we went to a house in Staten Island. I don't know where the house was. We were driven there by Tommy, and we went in and there was Paul, there was Tom Mix, there was Ralph Scopo, Donny Shacks; there was about four or five. But, anyway, there was, like I says, about five or six members there.

Senator NUNN. Did you see them?

Mr. CAFARO. Yes.

Senator NUNN. You took Fat Tony there in the car?

Mr. CAFARO. No. We were driven there. I took him to Staten Island in the luncheonette, but we were driven to this house.

Senator NUNN. Did you go to the meeting?

Mr. CAFARO. I went, but then we couldn't be at the meeting. We stood upstairs and——

Senator NUNN. "We" being who?

Mr. CAFARO. Me and Tommy Bilotti, and we stood, and there was four or five more amico nostras up there, wiseguys, and we just sat upstairs. And what was the discussion? Mostly about concrete and construction.

Senator NUNN. Tony told you that?

Mr. CAFARO. Yes.

Senator NUNN. Concrete and——

Mr. CAFARO. Construction. Paul—every time there was a commission meeting with Paul, it was always about business, money and business.

Senator NUNN. What date was that, approximately, do you know?

Mr. CAFARO. I don't remember, Senator.

Senator NUNN. Was that in the 1980's or——

Mr. CAFARO. 1984.

Senator NUNN. All right. Was there any other commission meeting that you recall?

Mr. CAFARO. I went to another one after that; I drove Tony, but I didn't go. I just went to the same restaurant, luncheonette, or diner, whatever you want to call it, and we were waiting there. Some wiseguy come and pick us up; I forgot his name. And I didn't go. He drove Tony there and I was waiting in the luncheonette.

Senator NUNN. You waited there for him?

Mr. CAFARO. I waited at the diner or the luncheonette, whatever you want to call it.

Senator NUNN. Did the people like Tony that were going to the meeting, Tony Salerno, did they worry about being trailed or the FBI or anybody following them?

Mr. CAFARO. No, no.

Senator NUNN. They didn't appear——.

Mr. CAFARO. Usually when I drove Tony, I would look in my mirrors and try to be careful and go different ways.

Senator NUNN. But they didn't appear to be worried about it?

Mr. CAFARO. No, no.

Senator NUNN. Now, was that the second meeting where they did think there was an FBI agent?

Mr. CAFARO. That was the third meeting. I wasn't there, I wasn't present.

Senator NUNN. Tell us about that third meeting.

Mr. CAFARO. It was a meeting in Bari's on Houston Street.

Senator NUNN. Is that a restaurant or what is it?

Mr. CAFARO. No. They sell restaurant equipment, they sell restaurant equipment, and Tony had an appointment down there. He went down with Tony Ducks and Tom Mix. I picked him up to go to the commission meeting there, and the meeting, from what I was made to understand, there was Paul, there was Chin—there was Paul, Chin, Joe Gallo, Donny Shacks, "Jerry Lang" Langella.

Senator NUNN. How many different families was that?

Mr. CAFARO. There was the four families there.

Senator NUNN. Again, which family was not there?

Mr. CAFARO. The Bonanno mob.

Senator NUNN. Was that because of the narcotics involvement?

Mr. CAFARO. Yes. They weren't recognized as far as——.

Senator NUNN. So they had four families there. What, a couple of people from each family?

Mr. CAFARO. There was Jerry Lang and Donny Shacks for the Colombo mob. There was—Tony was with Chin for the Genovese mob. There was—for the Gambino mob was Paul and Joe Gallo, and who was the other one? Luchese was Tony Ducks and Tom Mix.

Senator NUNN. All right. Go ahead and tell us what you know about that and what happened at that meeting. You weren't there, but you found out about it later, right?

Mr. CAFARO. Yes. I was in the neighborhood and Tony had come back early. Usually, a commission meeting, they last 4 or 5 hours, 6 hours, and he come to the neighborhood and I seen him. He's huffing and puffing. I says, you know, how come you're back so early?

Senator NUNN. He was huffing and puffing?

Mr. CAFARO. Yes. I says to him, how come you're back so early? He says, no; he says, there was the agents down there. I says, no kidding? He says, yes.

Senator NUNN. What agents?

Mr. CAFARO. Well, Federal agents.

Senator NUNN. Federal agents.

Mr. CAFARO. He says, there was the agents there; he said, we had to get out. We, you know, went out. He says, I had to go through a window. He says, they had to push me through the window to get out. He couldn't fit; he was too fat.

Senator NUNN. He got stuck in the window?

Mr. CAFARO. He got stuck in the window and they had to push him out, and that was it.

Senator NUNN. So they were worried about the agents at that meeting?

Mr. CAFARO. Well, this Baldy Dom had—he's a caporegime with us in our brugad, says he seen an agent outside. So rather than to get pinched or the agents go in, they all ran.

Senator NUNN. Did you find out whether there really was an agent out there later on?

Mr. CAFARO. Well, I had asked Rick. He says there wasn't no agents there, so who knows if there was an agent or there wasn't an agent? I really don't know.

Senator NUNN. Do you think—we've had a lot of convictions of the top members of various families in New York and elsewhere. Do you think there still is a commission in New York?

Mr. CAFARO. To my knowledge, no, and I don't think there will ever be a commission anymore.

Senator NUNN. Why is that?

Mr. CAFARO. Well, you haven't got the Fat Tonys no more. You haven't got the Tony Ducks, you haven't got the Tom Mixes. The oldtimers are not there no more and I say there will never be another commission.

Senator NUNN. You're still going to have the families, though, aren't you?

Mr. CAFARO. Well, you can talk boss to boss. You send your consigliere there if there's a problem in the family.

Senator NUNN. In other words, you think it will be more boss-to-boss, one family to another, and not the whole group meeting together?

Mr. CAFARO. That's right.

Senator NUNN. Why would not their successors follow that pattern?

Mr. CAFARO. Well, why they won't follow the same pattern as the oldtimers?

Senator NUNN. Yes.

Mr. CAFARO. Well, you haven't got the oldtimers there no more and the young guys that are there now, they are not as level-headed as the oldtimers. They are not peace-minded. I don't think they are peace-minded, which the oldtimers, there was nothing but peace and if you——

Senator NUNN. Well, the purpose of the commission was peace and you don't believe that that will be organized that way?

Mr. CAFARO. No, because you get a—from what I see of Johnny Gotti—I met him in MCC, like I said. He ain't going to—he has got an attitude that, hey, this is my brugad and nobody is going to tell me what to do. Or Chin ain't going to make anybody tell him what to do with his brugad.

Senator NUNN. Can you tell us what the consigliere does in the overall family?

Mr. CAFARO. Well, the consigliere, he's the powerhouse, he's the strength, because he takes care of all the beefs from the captains. In other words, a captain can't go to a boss or the underboss unless he goes to the consigliere.

Senator NUNN. So he's really the——

Mr. CAFARO. He's the strength, he's the powerhouse.

Senator NUNN. The operating officer, so to speak?

Mr. CAFARO. Oh, yes. He—whatever decision he gives, that's it. You don't go—unless it's rare that you want to go further. What I mean by "further," you want to go to the underboss or the boss. But once the consigliere gives you his decision, that's it.

Senator NUNN. I understand that you have stated there are certain new rules for admitting members to the LCN. Could you tell us what those new rules are?

Mr. CAFARO. I didn't hear you, Senator.

Senator NUNN. I understand that you have stated that there are certain new rules for admission to membership, for being straightened out, for being a made man. Could you tell us what those new rules are?

Mr. CAFARO. Well, I don't know about new rules, but I know there was a new rule put in about 10 years ago because years ago they used to call in the books when you had to open the books to straighten out a member. If you wanted to make a guy a member, the books had to be opened.

It got to a point where the books weren't open for maybe 15, 20 years. The brugads wouldn't open them and what was happening, the regimes—a lot of oldtimers were dying and the regimes were getting small.

So a captain with maybe 15, 20 men was down to 8 men, 7 men, and they were weakening their positions. So they instituted—if a member dies, they can replace him with another member. That's the only new rule I knew of.

Senator NUNN. So the books aren't closed now?

Mr. CAFARO. There's no more books.

Senator NUNN. No more books?

Mr. CAFARO. If somebody dies in the regime, he can be replaced by another member.

Senator NUNN. So it's on automatic pilot now?

Mr. CAFARO. Yes.

Senator NUNN. You are trying to maintain about the same number of members?

Mr. CAFARO. That's the purpose of it.

Senator NUNN. But not have the membership go down?

Mr. CAFARO. Not have it go down. You're allowed seven men in a regime and when they got to straighten out a member, they send his name around. They give it to the consigliere, his name and nickname, and it goes to the four families.

If there's any grievance against him or if maybe he's a rat or something, if somebody knows there's something against him, they would check it out, and that's the purpose of sending the name around.

Senator NUNN. Were you told anything about the disappearance of the Luchese family acting boss, Buddy Luongo?

Mr. CAFARO. Yes, Senator. When I was wearing the wire, I was talking to Ralphie Tutino, and I wasn't aware of it because I think I was out on bail or something. And he had told me this Buddy Luongo had an appointment with this Little Vic in Brooklyn and he went out there to meet him and he never came back. That's all I know about that.

Senator NUNN. Who is Little Vic?

Mr. CAFARO. At the time I had knew him, he was the consigliere in the Luchese mob.

Senator NUNN. Do you have any other name, any other name besides Little Vic?

Mr. CAFARO. That's all I know him as, Little Vic.

Senator NUNN. Why are there so many people that you were with all the time that you don't really know their last names?

Mr. CAFARO. They usually give you their nickname.

Senator NUNN. So you usually don't use last names?

Mr. CAFARO. We don't use last names, no.

Senator NUNN. Were you just known as Fish?

Mr. CAFARO. Yes, Senator.

Senator NUNN. Where did that name come from?

Mr. CAFARO. I don't know. I got it since I'm 8 years old. Where, how it came from, I really don't know.

Senator NUNN. Just a nickname?

Mr. CAFARO. Just a nickname.

Senator NUNN. Senator Roth.

Senator ROTH. Thank you, Mr. Chairman.

You mentioned that both Chin Gigante and John Gotti were claiming part of the profits from the sale of the Bankers and Brokers Building in Lower Manhattan. Can you explain in greater detail how this came about and whether they did, in fact, receive part of the profits of that sale?

Mr. CAFARO. Well, there was a situation there—when Paul was alive, he had sold this property to S&A Concrete, Nick Auletta, I think, for $4.5 million, with the understanding that he was going to build a high-rise there.

Now, as it went along he didn't build a high-rise. He was selling the property, I don't know, for $7, $8, $9 million. That's when Paul didn't like the idea. In other words, he told him, I sold you the building with the understanding that you would build a high-rise. Now, he wanted to turn around and sell it, like I said, for $7 or $8 million; I really don't know.

But Paul wanted half of the profits on the sale of the building and Tony got involved with that. Then he had never gotten nothing from Nicky, Paul, but Tony got his share from the sale of the building.

Now, who wanted to get involved there was Chin, but he put up a little problem there from what Sammy was telling me, but it didn't belong to him; it belonged to Tony, and that's how Tony wound up with the money.

Now, as far as Gotti, I don't know if he got anything out of it; I doubt it. That's my opinion. He was looking to take over Paul's share if there was a share for him to—if he was entitled to anything.

Senator ROTH. In view of the fact that many of the recent cases brought by the Government were the result of wiretaps or bugs, what do you think the LCN will do to take steps to avoid their conversations?

Mr. CAFARO. I know they are not going to talk in clubs anymore. They are not going to talk in places they hang out. They are not going to talk on phones. If anything, they will send a soldier to another soldier or a captain to another captain, if there's going to be the consigliere for a meeting, and tell them, say, Bobby or whoever, I'll be at this restaurant tonight at 7 o'clock, to meet me there. And that's how they would do it, or walk and talk in the streets.

Senator ROTH. Will they avoid meeting places they used in the past?

Mr. CAFARO. Sure, yes.

Senator ROTH. Did you know that the Palma Boys Social Club and the First Avenue Club were bugged, and if so, why did you and others continue to hold conversations there?

Mr. CAFARO. Well, we were told they were bugged and I guess we took it lightly. I figured me, gambling and bookmaking; I didn't care.

Senator ROTH. Do you know how Santora knew about the bug?

Mr. CAFARO. Well, he had somebody telling him. From what agency, I don't know.

Senator ROTH. What do you mean by "agency?"

Mr. CAFARO. Well, it could be a police department, it could be the Government, it could have been anybody.

Senator ROTH. Does the LCN have many people in law enforcement agencies or in public office under their influence or control?

Mr. CAFARO. As far as the past amico nostra, 14, 15 years, not that I know of.

Senator NUNN. Do you know of any high governmental officials that are being paid or cooperating illegally?

Mr. CAFARO. No, sir.

Senator NUNN. You don't?

Mr. CAFARO. No, no.

Senator ROTH. You and others apparently knew in advance who was going to be arrested or subpoenaed.

Mr. CAFARO. Yes, indictments and subpoenas.

Senator ROTH. How did you get that information?

Mr. CAFARO. My nephew, Sammy Santora.

Senator ROTH. Where did he get the information?

Mr. CAFARO. I don't know, Senator, but whatever information he gave us, whatever he told us was on the money.

Senator ROTH. It was always accurate?

Mr. CAFARO. As far as indictments and subpoenas, it was on the money.

Senator ROTH. Did you know in advance of your impending arrest?

Mr. CAFARO. Yes, Senator.

Senator ROTH. How far?

Mr. CAFARO. Two weeks before.

Senator ROTH. Two weeks?

Mr. CAFARO. Yes.

Senator ROTH. How did you know? Who told you?

Mr. CAFARO. My nephew, Sammy Santora.

Senator ROTH. And your nephew gave no indication to you how he acquired this information?

Mr. CAFARO. You can't ask, you don't ask.

Senator ROTH. You don't ask?

Mr. CAFARO. No.

Senator ROTH. When you got information that you were going to be arrested, what action did you take?

Mr. CAFARO. I said let them come and pinch me. I wasn't interested in going on the lamb.

Senator ROTH. And so you chose not to run?

Mr. CAFARO. No. I stood home.

Senator ROTH. Was that because you thought the charges would be relatively minor, such as bookmaking?

Mr. CAFARO. Well, I figure bookmaking and gambling, but I didn't think I was going to be held a danger to the community. If I thought that, I would have went on the lamb.

Senator ROTH. You've stated that it's no longer necessary for one to kill to become a made guy. When did this rule change and why?

Mr. CAFARO. Well, as far as I can remember, 14 years ago when I was—or 15 years ago when I was straightened out. A lot of guys, you straighten them out for business because a lot of us don't understand about construction, whatever, situations like that, electrical work, contracting or plumbing.

We don't understand that there, so you straighten out a guy. You make him an amico nostra just to take care of business that you don't have to be there with him, because if you're not a made member and you're sitting down, you can't sit down with a made member.

So rather than to be there—say, me, and I don't know nothing about the construction, to go sit down with a beef about it, I don't know what I'm talking about. So you straighten out people just for business.

Senator ROTH. Now, earlier, you told me that you thought the families would continue and that even though the younger members were perhaps less disciplined, that through orientation, training, whatever you want to call it, that they would become much like the current members of organized crime.

Yet, at the same time you say you don't think the commission will ever be recreated because there will never be new bosses like the old. Isn't that somewhat inconsistent?

Mr. CAFARO. No, that's not inconsistent. Like I says, you get a Gotti and a Chin. First of all, there's no need for a commission with them because, like I says, it's not that there's the disrespect. The respect is there; the respect will always be there.

But a Chin or a Gotti wouldn't need a committee. You do your thing, I'll do my thing, and that's it. There's nothing taken away from me and there's nothing taken from you.

Senator ROTH. Now, you mentioned earlier that your family had no association or contact with Sicily. How about some of the other criminal groups, such as the Colombians?

Mr. CAFARO. I don't know about them. Well, I have business with the Cubans.

Senator ROTH. With the Cubans?

Mr. CAFARO. Yes.

Senator ROTH. What kind of business did you have with the Cubans?

Mr. CAFARO. Number business.

Senator ROTH. What's that?

Mr. CAFARO. Numbers.

Senator ROTH. Numbers?

Mr. CAFARO. Yes, yes. I had Cubans with me.

Senator ROTH. Did any of these groups, like the Cubans, try to intrude on your area of activity?

Mr. CAFARO. In what way, Senator?

Senator ROTH. Well, did they begin to try to take over some of the racketeering or gambling business?

Mr. CAFARO. No, no. They want to be with the wiseguys; they don't want to be against them.

Senator ROTH. They wanted to work with you?

Mr. CAFARO. They want to work with you, yes, and I had a lot of Cubans with me.

Senator ROTH. There has been no effort on the part of drug traffickers to work with your family?

Mr. CAFARO. Well, if they were fooling around, you know, with junk or something, I don't know about it, but who knows?

Senator ROTH. What rank did you hold in the Genovese family?

Mr. CAFARO. I was a soldier.

Senator ROTH. Why, particularly in view of your close relationship with Fat Tony, did you not rise higher?

Mr. CAFARO. I didn't want the responsibility. I didn't want to be responsible. I didn't want to—when he left on a Thursday morning, I left with him. When you were a captain, you have to be there—not have to be there; you're on call 24 hours a day in case there's a problem or beefs or whatever. So that wasn't for me. I wasn't interested. But you can't refuse.

Senator ROTH. Mr. Cafaro, 2 weeks——.

Senator NUNN. Excuse me, Senator Roth. Would you yield?

Senator ROTH. Yes.

Senator NUNN. You say you can't refuse if you're asked to take that responsibility?

Mr. CAFARO. That's right, you can't. The only reason why I got away with it is because of Tony. There was a position open at the time, the caporegime. I says, no, Tony, I'm not interested. He says all right.

Senator NUNN. So it was handled informally?

Mr. CAFARO. Yes, it was informal. If I would have said——

Senator NUNN. Tony protected you when he needed you and you didn't want it?

Mr. CAFARO. Yes. If, say, Chin would have asked me, I had to accept. When the consigliere tells you, you have to accept, yes.

Senator ROTH. Let me ask you this question. We had Angelo Lonardo testify before us a few days ago and he said that if he had his life to live again, he would not repeat his mob activities because, as he said, it created too many headaches. By "headaches," I think he was referring to arrests, jail terms, and so forth.

If you had the chance to do it all over again, would you do things differently or would you again be a member of the family?

Mr. CAFARO. In my honest opinion, I would be a member of the family, but I would do it in a different way. I wouldn't be close to Tony or any boss or any consigliere. I'd just stay by myself, a club or whatever, and that's it.

Senator ROTH. But don't you, as a member of a family, have to do what they tell you to do?

Mr. CAFARO. Sure.

Senator ROTH. Well, then, how can you stay——

Mr. CAFARO. In other words, stay by myself, don't stay with—you're not supposed to be with the bosses anyway.

Senator ROTH. In other words, you think you were too close to the bosses?

Mr. CAFARO. Too close, that's a fact.

Senator ROTH. But why would you want to be a member again? You say that your life is in danger now, is that correct?

Mr. CAFARO. That's the way I chose it. What can I do? But it's not good and it's not bad.

Senator ROTH. Let me ask you this. Who do you think, let's say 5 years from now, will be boss of your family?

Mr. CAFARO. If anything happens to Chin?

Senator ROTH. Yes.

Mr. CAFARO. I would say Bobby Manna.

Senator ROTH. Bobby who?

Mr. CAFARO. Bobby Manna.

Senator ROTH. Now, who is he?

Mr. CAFARO. He's the consigliere now.

Senator ROTH. After 36 years of friendship with Tony Salerno, during which time I think you said that he was like a father to you, why did you agree to cooperate with law enforcement?

Mr. CAFARO. Well, when I was in MCC for the 7½ months, I was having a lot of trouble with Tony over some moneys, and I owed him, I think, $65,000 that I had used of his money, not knowing I wasn't going to get bail when we got arrested.

If I would have got bail, there would have been no problem with the money, and I had owed him $65,000. And when you get pinched and you're in jail, no bail, nobody wants to loan you money anymore; they look the other way.

So I had owed him $65,000 and we were arguing every day over the money, but I paid him the money. And we had some slot machines going; I had some slot machines in the streets and I used to give Tony a third.

So one day I told him he's got no more revenues coming from the slot machine; whatever comes from there, I'm keeping. And he says, no; he says, it's my business. I says, no, it's not your business, it's mine; I created the business.

So he says to me, he says, well, he says, I'll pick up this cane and I'll hit you with it. So I says to him, well, that's the biggest mistake you'll make in your life if you ever pick up that cane to me. And that's how I think I turned.

Senator ROTH. Do you have any family?

Mr. CAFARO. Do I have a family?

Senator ROTH. Personal family, yes. Are you married?

Senator NUNN. Senator Roth, I don't think he wants to——

Senator ROTH. I think that's all the questions I have at this time, Mr. Chairman.

Senator NUNN. Thank you, Senator Roth.

When you had that argument with Fat Tony and he threatened to hit you with a cane, did that lead you to believe you might be on his hit list?

Mr. CAFARO. No, no.

Senator NUNN. In other words, how do you distinguish between a threat like that——

Mr. CAFARO. Well, you know, when a relationship like me and Tony for 30-something years—I thought it was a father and son re-

lationship, but when it came to the money, I said for money, is this what—I would have killed him; I would have killed him in MCC.

Senator NUNN. You would have killed him if what?

Mr. CAFARO. If he would have picked up the cane.

Senator NUNN. Even though he'd been like a father to you?

Mr. CAFARO. That's right. The disrespect was there. There wasn't respect anymore, not when you're going to argue for $65,000. I gave that out in tips. I got to argue for $65,000? Let him use it, let him use it all. Whatever I had, he could have had.

Senator NUNN. He had insulted you at that stage?

Mr. CAFARO. Yes. Well, from—we were there about three months. He started asking, you know, about moneys and this and that, whatever the situation was. So it was all over moneys.

Senator NUNN. Let me ask you two or three other questions. You've mentioned a few unions this morning. Do you know other unions that have not been mentioned this morning by you in your testimony here that are controlled in New York City by LCN families?

Mr. CAFARO. Well, there's the Kennedy Airport; that's controlled by the Luchese mob. That's controlled by them, and as far as the garment center, from what I know, the whole four families are involved with the unions in the garment center. That's what I know about that.

Senator NUNN. Is that done by territory? How do they decide what family controls what?

Mr. CAFARO. Well, I don't know. I wouldn't say it's territories; it's not the question of territories. If you got certain houses down there—what I was made to understand by "houses" is these lofts that make the clothes, dresses, coats, or whatever.

So if you got four or five houses in one building, that's yours, and the union down there controls all that there. But I don't know too much about the garment center, Senator, as far as the unions, you know.

Senator NUNN. Mr. Cafaro, nearly 25 years ago an individual named Joe Valachi testified before this Subcommittee about the existence of La Cosa Nostra in the United States. Did you ever meet Mr. Valachi?

Mr. CAFARO. Yes, I knew Joe Cago, Valachi.

Senator NUNN. You call him Joe Cago?

Mr. CAFARO. Joe Cago, yes.

Senator NUNN. When did you meet him? Tell us about that.

Mr. CAFARO. Well, he was born and raised in Harlem. He was born and raised in Harlem and he was an amico nostra in our brugad. He was with Tony—at the time, Tom Rena. I don't know who Tom Rena was, but he was a captain, and from there he was with Tony Bender.

And I had a candy store, a club, on 115th Street between First and Second Avenue, and he had come down one day with Joey Pagano and I was friendly with Joey. How are you? How do you feel? Fine. How are you?

One word to another, he says, you got gambling here? I says, yes, I got blackjack and poker games in the back, you know. He says, listen, he says, maybe I could send some guys down and play. So I

says, for what? He says, well, he says, we'll send five or six players and we'll take a piece of the game.

Right away, he's looking to shake me down. So I didn't say nothing. I says, no, I says, we don't need no players here. I got—I'm doing all right the way I am. Well, he says, think about it. He says, we'll send some players.

What I should have said to him then is mention Tony's name, Fat Tony; listen, I'm with Fat Tony, because I knew what he was leading up to. So I says, all right, I'll let you know tomorrow, and I went and see Tony and I told him.

He said I close the club or the candy store, whatever you want to call it; close it up, he says, and come and stay here. The next day, I seen Joe Cago. I says, no; I'm closing the joint. And I went and stayed with Tony. I opened up a club over there. And that was it, the first time—not the first time I met Joe Cago. I seen him a few times.

Senator NUNN. Did you have any other relationship with Valachi?

Mr. CAFARO. No, no.

Senator NUNN. Were you a made member at the time he testified before this Subcommittee?

Mr. CAFARO. No. That was 25 years ago, Senator.

Senator NUNN. Do you recall that? Did you follow it?

Mr. CAFARO. Yes, yes. I was watching it on television.

Senator NUNN. What was the reaction in the family based on that testimony? What was that——

Mr. CAFARO. What was my reaction?

Senator NUNN. Your reaction and the reaction of others that you knew. Did you hear them talk about that, Fat Tony or any of them, later on?

Mr. CAFARO. No. I was in the bar. No, Tony wasn't there; a few people. He's a rat. What's the reaction?

Senator NUNN. Yes.

We appreciate very much your being here, Mr. Cafaro. You have given us a lot of interesting information this morning. We appreciate your attorney being here and we appreciate your cooperation before this Subcommittee.

Mr. CAFARO. Thank you, Senator.

Mr. EAMES. Thank you very much.

Senator NUNN. We have Exhibits 28 through 58 which, without objection, will be made part of the record.

[See Exhibit Nos. 28-60 starting on p. 801.]

The Subcommittee will now adjourn. Thank you very much.

Mr. CAFARO. Thank you, Senator.

[Whereupon, at 11:39 a.m., the Subcommittee was adjourned.]

U.S. Department of Justice
Federal Bureau of Investigation

# Statement of
# William S. Sessions
# Director
# Federal Bureau of Investigation

Before the
Committee on Governmental Affairs
Permanent Subcommittee on Investigations
United States Senate
April 11, 1988

*Re: Organized Crime - 25 Years After Valachi*

Mr. Chairman, I, as Director of the FBI, would like to express my appreciation to you and to the Committee for your continued interest in providing assistance in combating a national problem in today's society, organized crime. In addition, I appreciate this opportunity for the FBI to provide you with its views on the status of organized crime in America, how the widely publicized successes of recent years have been achieved, and what tools and resources the law enforcement community should seek and dedicate to combat these organized criminal groups which physically assault and intimidate some Americans and create a detrimental economic impact on all Americans.

As you are all aware, the President's Commission on Organized Crime in 1986 estimated that organized criminal enterprises reaped an annual income of more than $100 billion. That represents a loss of $6.5 billion in tax revenues and a loss in the American work force of 414,000 jobs. In these austere economic times, it would be unacceptable for the law enforcement community not to maintain pressure on the underworld groups, build on prior successes, and prohibit prosecuted organizations from reemerging stronger and with more sophisticated schemes for making and hiding money illegally. In addition, a continuous assessment must be made of new emerging groups so that law enforcement resources can be directed at these groups before they can become entrenched as a subculture while utilizing illegitimate gains to maintain a facade of respectability.

Various definitions have been used to distinguish an organized crime group from a group of individuals who band together to commit a criminal act. The key elements of distinction to focus upon are that an organized crime group has some manner of organizational structure, engages in a continuing criminal conspiracy, and has as its primary purpose the generation of profit. The La Cosa Nostra or LCN is the preeminent organized crime group in the United States, and became recognized as a national conspiracy after the testimony of Joseph Valachi before this same committee in 1963. Beginning with that startling testimony and through the present date, irrefutable evidence has been accumulated which demonstrates how the LCN has invaded the economic infrastructure of the United States threatening the integrity of the governing process, escalating taxes, increasing the costs of goods and services to the consuming public, and jeopardizing the personal safety of our citizens. Attached to my prepared statement is a chronological history of the evolution of the LCN in the United States from January 1920 through August 1987. This accounting of events and prosecutive actions reveals that labor racketeering, narcotics trafficking, gambling, loansharking, murder, kidnapping, extortion, prostitution and smuggling are the LCN's stock in trade. But beyond that, intelligence gained through investigative efforts on the LCN and other organized crime groups has established that profits generated by these criminal enterprises are often funneled, through sometimes elaborate

money laundering schemes, into otherwise legitimate businesses. These businesses have an edge over their competitors who must worry about profit margins, overhead costs, and repaying bank loans. In a very real sense, organized crime touches every citizen in America. It was this understanding of the pervasive threat posed by these groups, that caused former Director, Clarence M. Kelley to designate organized crime as a FBI national priority. Among the many investigative responsibilities of the FBI, I reaffirm the commitment of the FBI to continue the dedicated effort against organized crime.

Traditionally, the ability to develop and operate informants has been the FBI's strength in the detection and investigation of criminal activities. Although the term informant conveys many connotations, the FBI criminal informant category includes any individual who willingly provides information of a general criminal nature and requests confidentiality. The motivation of these individuals may be moral, patriotic, or self serving; however, it is important to bear in mind that the end result of their cooperative action benefits each and every law abiding citizen. An informant in the area of organized crime could be a victim businessman or woman who fears economic or personal reprisal from his or her cooperation; or a career criminal who seeks mitigation from criminal exposure or financial reward. From 1963 to the present, the FBI has directed its informants in a concerted effort to develop and expand the FBI's intelligence base on the membership,

structure, and criminal activity of the LCN. The reputation of the FBI to protect, within legal constraints, the confidential relationship of individuals and the prosecutive success against the LCN, has allowed for the recruitment of valuable informants who are able to provide increasingly detailed information about the inner workings of the LCN.

In September 1961, three pieces of legislation had a significant impact on the investigative techniques utilized against organized crime. These statutes banning interstate transportation in aid of racketeering, interstate transportation of wagering paraphernalia, and interstate transmission of wagering information, provided the FBI with jurisdiction over gambling violations. This focus on illegal gambling was an outgrowth of the findings of various investigative panels to include two Senate bodies known popularly as the Kefauver Committee and the McClellan Committee. The general conclusions issued by these groups stated that gambling bankrolled the rest of the underworld's empire and that legislative, judicial and police corruption were an almost inevitable consequence of allowing illegal gambling to operate unchecked for any length of time. From 1961 to December 1973, utilizing these three statutes, FBI investigations resulted in more than 1800 convictions and $2.9 million in fines. Among those sentenced to prison, were LCN leaders such as Raymond Patriarca of New England, Samuel Rizzo De Cavalcante of New Jersey, John Phillip Cerone of Chicago, and Anthony Giardano of

St. Louis, Missouri, plus a number of their ranking lieutenants.

The next major change in investigative techniques used to address organized crime, was caused by the enactment of the Omnibus Crime Control and Safe Streets Act of 1968. This provided for the use of court-approved electronic surveillances in the investigation of certain specified violations. The electronic surveillance technique was widely used from 1971 through 1973, when interstate gambling violations were prioritized; and declined until 1981, when the enterprise theory of investigation was instituted. I will discuss this theory later.

The past investigative emphasis on gambling and other street violations as a means of attacking organized crime achieved statistical successes, but did not address organized crime as a structured criminal entity. In 1970, the passage of the Racketeer Influenced and Corrupt Organizations statute, commonly known as RICO, provided the most important prosecutive tool for the FBI to address a structured criminal organization. RICO provided a method to prosecute organized groups for all of their diverse criminal activities, without the crimes being linked by perpertrator or an all encompassing conspiracy. Additionally, this statute increased criminal penalties and provided for criminal forfeiture and civil actions to address the profit motive of organized crime and to restrict the recurring crime problem.

Due to the complexity of this unique legislation and

the focus of investigations at that time on gambling, loansharking, and gangland slaying type violations, the RICO statute was initially used as a Federal conspiracy statute. As investigators and prosecutors began to understand the tremendous potential of this investigative and prosecutive weapon, an event occurred which caused a reassessment of the crime threat posed by the LCN. This event, the disappearance of James Riddle Hoffa in July 1975, was the catalyst to our recognition of the LCN's foothold in the socio-economic structure of the United States.

The FBI mobilized resources nationwide in a concerted effort to uncover the link between the LCN and Hoffa's disappearance. Several LCN figures had been successfully prosecuted prior to 1975 for labor racketeering violations. We combined the intelligence gained from these prosecutions, sought out information from prior cooperating witnesses, and directed existing informants to secure further information on Teamster links with the LCN. The resulting intelligence, not only identified the probable coconspirators responsible for the Hoffa disappearance, but identified LCN influence and domination of some major international labor unions and numerous locals throughout the country.

In 1977, the FBI adopted a program management approach to organized crime investigations wherein investigative priorities were set nationally by FBI Headquarters. FBI resources were redistributed throughout the country so that the thrust of the investigative effort would be on identified

priorities in a quality over quantity concept. The LCN, though recognized as not being the only organized crime element existing in the United States, received primary investigative emphasis within the FBI's organized crime program.

The priorities established in decending order of significance were labor racketeering, corruption, infiltration of legitimate business, loansharking, gambling, and major impact cases. Because of this program direction, the labor racketeering area accounted for several of the Bureau's most significant and successful investigations.

The use of the undercover technique, wherein undercover FBI agents held themselves out to organized crime as businessmen to be victimized, provided new insight into the sophisticated enterprises controlled through labor racketeering and extortion. The "Brilab" investigation resulting in the conviction of the LCN boss of New Orleans, the "Lilrex" investigation resulting in the prosecution of several union officials and LCN associates, and the "LIUNA" investigation resulting in the prosecution of several LCN members and national union officials, demonstrated the LCN's control over pension and welfare funds.

The "Unirac" investigation focused on LCN manipulation of the shipping industry through influence at all levels of the International Longshoreman's Association (ILA). This investigation, which was the subject of Senate hearings in 1981, resulted in the conviction of more than 130 businessmen, union officials, and LCN members.

Two other major labor investigations initiated during the period were the "Pendorf" investigation, which focused on the LCN control of the Teamster Central States Pension Fund and resulted in the conviction of the International President of the Teamsters Union, and the "Strawman" investigation which focused on a conspiracy among four LCN Families to utilize funding from the Teamster Central States Pension Fund to secure interests in the Las Vegas casino industry and subsequently "skim" the profits of those businesses. Detailed summaries of these cases are attached.

The second major priority, instituted in 1977, was organized crime corruption. Public corruption is a primary investigative area of the FBI's White Collar Crime Program. Public corruption is a facilitator for organized crime and not a necessity. Some major accomplishments, due to this program emphasis, include "Greylord" which was an investigation into widespread corruption within the Cook County, Illinois, Circuit Court System which has achieved 60 convictions to date; "Poco", a massive investigation of police corruption in San Juan, Puerto Rico which has resulted in 116 persons convicted to date; and "Mach Tenn," an investigation of widespread corruption in five counties in Eastern Tennessee. Additional details on these investigations are also attached.

Commencing in 1981, the FBI devised a new investigative strategy in the war on organized crime. The concept is called the enterprise theory of investigation, and was first initiated

in our New York office. Under this strategy, the criminal enterprise itself became the investigative focus, as opposed to a particular violation. Even though existing intelligence on a particular LCN Family indicates that members of this group are generating illegal profit through control of a particular labor union, the investigation does not solely center on this criminal activity. These criminal organizations deal in various criminal activities for profit. In any structured group, and most particularly the LCN, directives flow down the chain of command and profit flows up. This mandates communication between the hierarchy of the group and the members or nominees participating in the criminal activity. Under the enterprise theory, we direct our attention on the hierarchy in a team concept to penetrate the chain of command, using conventional techniques such as informants and cooperating witnesses or extraordinary techniques such as undercover Agents or court approved electronic surveillances. The first step is to identify the organizational structure and hierarchy, and then, the methods of communication between members and associates. The communications are then targeted for interception, over an extended period, in order to expand the identification of the members and associates engaged in the enterprise as well as to additionally identify the various crimes being committed by the enterprise. When the enterprise and criminal acts are initially identified consideration is given to the RICO sanctions which appear appropriate and attainable to neutralize the enterprise and eradicate the crime problem. The

sanctions to be sought dictate the remaining course of the investigation. The criminal prosecution should, at the very least, remove the leaders of the enterprise. As we have repeatedly learned through successful prosecutions of the bosses of LCN Families, the removal of the head of any structured organized group disrupts the group's activities for a period of time, but through successions in leadership the crime problem continues unabated. Under the enterprise theory, we seek prosecution of the leadership, identified members and associates participating in the various crimes, and the coconspirator businessmen who financially benefit from the pattern of racketeering activity. We additionally seek to remove the profit incentive by identifying all the assets generated by the criminal enterprise, so that the assets may be frozen at the time of indictment to prevent liquidation or transfer. This is followed by a forfeiture action to seize the frozen assets. The final, and we believe most important step, is to identify the type of civil sanctions which can be sought through civil litigation to prevent a pervasive crime problem from continuing. The refinement of the steps of this process is ongoing and the substantial successes against the LCN families are indicative of how the battle against organized crime, regardless of the criminal enterprise, can be won in the future.

The four key ingredients to the highly publicized string of successes against the LCN, are the expanded use of the civil as well as criminal provisions of the RICO statute, the

existence of the Witness Security Program (WSP), the utilization of court authorized electronic surveillances, and the task force concept of combining the resources and expertise of Federal, state, and local law enforcement agencies.

As you are aware, the FBI is the primary Federal agency tasked in the war against organized crime. The RICO statute incorporates a broad spectrum of serious violations which can be used as predicate offenses for indictment. Our expansive criminal jurisdiction allows us to pursue the enterprise theory of investigation regardless of the predicate violations engaged in and by any given group. As this investigative strategy evolved, electronic surveillance became more critical to its success in penetrating sophisticated groups who have maintained their existence through enforced secrecy and by action taken to reduce the risk of penetration by government Agents.

The family enterprise investigation of the Colombo LCN Family, code named "Starquest," utilized seventeen court authorized electronic surveillances and sixty extensions of these court orders beyond the initial 30-day monitoring period. This four year investigation will be discussed later in detail. Utilization of the electronic surveillance technique is manpower intensive, and the magnitude of the electronic surveillances in this investigation places a severe drain on personnel resources. For this and many other reasons, the FBI is a strong proponent of the task force concept.

The FBI has formed task forces in most of its

significant organized crime investigations in the past several years. I would like to mention briefly how we accomplish this cooperative effort to distinguish between the organized crime task forces and the Strike Force concept as well as the Organized Crime Drug Enforcement Task Force (OCDETF) concept.

In pursuing the enterprise theory of investigation we enlist the commitment of state and local law enforcement on a multiyear project with a well defined long term objective. Other Federal agencies, with a more limited jurisdiction and expertise, are incorporated into the task force as the investigation progresses and specific needs arise. From its inception, the task force is generally located in FBI space to facilitate communication, integration, and access to the FBI intelligence base, and operates under the management direction of the FBI and under the constraints of all Federal policies as set forth in Attorney General Guidelines.

The strategy of the task force is established in coordination with representatives of the participating agencies including the United States Attorney and Strike Force Chief. This close coordination is essential to the mission's success, inasmuch as the theory of prosecution of an enterprise investigation is based on the strategy employed during the investigation. Many of the major investigations which are completed through prosecution or are in the litigation process, attached herein, are examples of successful task force efforts.

The OCDE task forces are principally focused on the investigation of drug violations. In these task forces various Federal and local agencies utilizing their respective jurisdictional responsibilities work together in pursuing this crime problem. The Strike Force concept combines personnel from different Federal agencies under the coordination of a Departmental Attorney to address organized crime problems. The U.S. Strike Force has been valuable to the FBI organized crime task force efforts both in providing prosecutive resources and coordinating the investigative approach. The FBI task forces do not work under the direction of the Strike Force or other Departmental prosecutors in that the investigators and prosecutors each play a distinctive role. Field Division program managers make the ultimate decisions on overall task force objectives and the commitment of financial and personnel resources to fulfill these objectives.

The Witness Security Program is also a facet in the potential success of organized crime investigations. The LCN as well as other organized crime groups maintain internal discipline to deter cooperation with law enforcement through their ability to physically and financially harm potential witnesses. The WSP affords the government the ability to offer security to potential witnesses. Between January 1, 1985, and September 21, 1987, this program has accepted 243 witnesses that were sponsored by the FBI and the Department of Justice as a result of their testimony on behalf of the government.

A substantial obstacle to the increased usage of the WSP to enhance current investigations is the financial burden borne by the investigative agency. It is the responsibility of the sponsoring agency to maintain the security of potential witnesses who face personal peril until such time as they are accepted for entry into the WSP. As a result of increased review given to individuals proposed for entry into the WSP, required by passage of the Witness Security Act of 1984, approximately eight weeks is required to process an individual for entry into the WSP. (No funding exists specifically to offset the expenses incurred by the FBI while maintaining individuals who have been proposed for entry into the WSP. The FBI expends approximately $450,000 per year for pre-entry support of WSP witnesses and anticipates this escalating to $750,000 for fiscal year 1988.)

"Omerta," the code of silence of the LCN, has been broken in recent years. The FBI has not only secured the cooperation and testimony of numerous individuals who have been utilized by the LCN to promote their criminal activities but has elicited the cooperation of four LCN members whose knowledge and testimony concerning the operation, membership, and criminal activities of LCN Families has enabled the FBI to expand the attack on this national criminal enterprise.

The member witnesses are Aladena Frattiano, the former acting boss of the Los Angeles LCN Family; Angelo Lonardo, the former underboss of the Cleveland LCN Family; and Thomas

Del Giorno and Nicholas Caramandi, a capo and soldier respectively, in the Philadelphia LCN Family. These witnesses who will play pivotal roles in future prosecutive actions have been a substantial drain on FBI organized crime resources. For example, the FBI assumed custodial control of Angelo Lonardo in July 1985 and used a four Agent security detail to protect and debrief him while secretly moving him in and out of major cities for pretrial and trial testimony. (Prior to Mr. Lonardo being placed in the WSP, the FBI had expended $250,000 for his security and maintenance excluding salaries of personnel assigned to protect him.)

Since the inception of the enterprise theory of investigation in 1981, more than 1,000[1] LCN members and associates have been convicted in Federal courts and sentenced to prison. The hierarchies of the five New York LCN Families have been prosecuted and similar prosecutions have crippled the LCN hierarchies in Boston, Cleveland, Denver, Kansas City, Milwaukee, New Jersey, and St. Louis. In addition, indictments are pending against the LCN Families in Los Angeles and Philadelphia. As a result of FBI efforts during Fiscal Year 1986, there were 35 convictions of LCN members to include 3 bosses, 2 underbosses, 9 capodecinas and 22 soldiers as well as 125 LCN associates and 9 Sicilian Mafia members. During Fiscal Year 1987 there have been



[1]As of March 31, 1987, 1009 LCN members and associates have been convicted.

41 convictions of LCN members to include 6 bosses, 6 underbosses, 1 consigliere, 12 capodecinas and 16 soldiers, as well as 136 convictions of LCN associates.

I believe these statistical accomplishments are significant. Combined with the recent filing of civil complaints to prohibit the continuance of some of the profit generating rackets engaged in by the LCN we have taken substantial strides in our efforts to reduce the profits of the most insidious organized crime groups in the nation.

The question most often asked is whether we have eradicated the LCN as a national threat. The simple answer is no. They continue to engage in a wide variety of criminal activities, however, our expansive intelligence base on the LCN indicates that many of their lucrative criminal conspiracies which have existed unfettered for years have been dismantled, their secrecy and status in the criminal underworld has been co-opted, and most importantly their ability to influence and intimidate the business and political community is weakened. It is essential that law enforcement pressure continue to be applied to this criminal group. By continuing the thrust of the past few years with the refined enforcement techniques the LCN can be eliminated as a criminal threat to the marketplace.

Our efforts in labor racketeering, which is the top priority of the Organized Crime Program, and corruption continue, and I have added to this statement a summary of several major investigations which have been adjudicated or are currently being litigated. These investigations demonstrate our emphasis on

labor racketeering and corruption. Most of the precedent setting RICO enterprise prosecutions, such as the "LCN Commission" prosecution, the Colombo Family prosecution, and the ongoing Genovese Family prosecution, U.S. vs Salerno, have multiple labor racketeering violations charged as predicate acts in the RICO indictment.

In addition to the LCN members and associates convicted for labor racketeering, 43 union members and officials were convicted during Fiscal Years 1986 and 1987. Investigations involving organized crime public corruption have resulted in the convictions of one Federal, four state, and 37 local elected or appointed public officials during Fiscal Year 1986. During Fiscal Year 1987, 48 elected or appointed public officials were convicted.

The President's Commission on Organized Crime (PCOC) issued a report in April 1986 titled The Edge which addressed organized crime's involvement in labor racketeering. The PCOC recommended that the Department of Justice adopt a national strategy to remove organized crime from the marketplace using an industry-by-industry approach. The FBI has incorporated many of the PCOC recommendations into its investigative strategy against the LCN. The PCOC report and the FBI intelligence base recognize the LCN influence within various industries, with that influence affecting some marketplaces locally, some regionally, and some nationally.

Rather than direct our investigative attention to an industry, thereby creating the perception that a wide spectrum of

businesses are corrupted or engaging in unfair trade practices, we focus on the criminal enterprise manipulating the marketplace. The FBI ranks its target selection among organized crime groups on a priority basis based on many considerations. A primary factor in addressing a particular LCN group is the extent of their economic inroads within a specific industry. Recently concluded investigations have exposed LCN influence in, among others, the casino gambling, insurance, shipping, construction, air freight, and trucking industries.

A frequent periodic evaluation is conducted by FBI program managers to assess the crime threat of other organized crime groups and to allocate resources based on this assessment, as well as to refine and disseminate investigative strategy and techniques that have proved effective in combating organized crime. A highly successful example of this approach occurred in 1981 when the FBI completed a study which indicated that outlaw motorcycle gangs, in particular the "Big Four," the Hells Angels, the Outlaws, the Pagans, and the Bandidos, on a similar but less sophisticated scale than the LCN, were involved in a variety of illegal activities including prostitution, drug trafficking, murder, pornography, and property thefts. An effort was undertaken to address these criminal enterprises which has resulted in substantial prosecutions of the hierarchy and membership of each of these motorcycle gangs. The details of this coordinated investigative effort are also provided as attachments.

A second example involves the Sicilian Mafia. Italian law enforcement authorities have identified 150 mafia families or clans in Sicily, 35 of which operate in Palermo. Due to the mafia wars in Italy during the late 1960's and early 1970's as well as investigative pressure by Italian authorities, numerous Sicilian Mafia members relocated to South America, Canada, and the United States. During 1980, while investigating the money laundering activities of the Bonanno LCN Family and the gangland murder of the recognized boss of this Family, Carmine Galante, the FBI first became aware of the extent of the influx of the Sicilian Mafia into the United States and the scope of their involvement in international heroin trafficking. Again by diverting organized crime dedicated resources in a joint effort with the DEA and other Federal and local agencies, the much publicized "Pizza Connection" investigation and prosecution were successfully undertaken. Attached to this statement is an overview which will provide additional details of this investigative and prosecutive success.

The intelligence base for the threat assessment of the Sicilian Mafia was initiated through the "Pizza Connection" investigation and is being continually enhanced through cooperation with Italian and Canadian authorities. This intelligence base also assisted and enhanced the direction and recruitment of informants and cooperating witnesses. We now know that the Sicilian Mafia members associate and criminally interact with the LCN.

The third major category of organized crime which was initially evaluated by FBI program managers was the ethnic criminal groups immigrating from the Far East. These are Asian gangs, specifically the Chinese, Japanese, Vietnamese, and Korean organizations. A study was conducted in 1984 which provided a preliminary assessment of the emerging Asian Organized Crime problem in the United States. Subsequent to this analysis investigative actions have resulted in successful prosecutions of several of these emerging Asian Groups, summaries of which are attached.

Another area worthy of brief mention is the connection of the LCN in our investigations of drug trafficking. Allegedly, major LCN figures ratified an edict prohibiting the involvement of LCN members in drug trafficking at the famous Appalachin, New York conclave on November 14, 1957. LCN witnesses such as Angelo Lonardo and Vincent Cafaro affirm that the drug prohibition remains the rule in most, if not all, LCN Families. However, the FBI intelligence base and court records identify 292 LCN members as having been engaged in drug violations. Of the 25 identified LCN Families, 19 of them have at least one member who has engaged in drug violations.

The FBI, under the enterprise theory of investigation, pursues Title 21 violations as predicate acts of the enterprise under the RICO statute. In 1982 the FBI was assigned concurrent jurisdiction over Title 21 violations with the DEA. In 1987 the FBI removed responsibility for oversight of drug investigations

from the organized crime program, and created a separate drug section at FBIHQ. In 1981, prior to receiving Title 21 jurisdiction, the FBI had a staffing level of 1,100 Agents nationwide to address all organized crime. Since 1982 the FBI has diverted a substantial number of Agents to support the drug program reflecting the Administration's strategic effort against the drug problem in the United States. By 1987 the FBI had an organized crime staffing level of 617 which is 483 fewer trained organized crime investigators dedicated to combat the LCN and other emerging groups than in 1981. This reduction in personnel resources has made the utilization of task forces and priority ranking of target selection more critical.

A key reason the FBI organized crime program has been so successful since 1981 with a reduction in personnel resources has been the ability to develop and access an intelligence base on the structure, makeup, and activities of the LCN over many years and to disseminate intelligence from one field division to another in a timely manner. This is a result of the development and implementation of the Organized Crime Information System (OCIS), a computer network designed to collect, evaluate, store, and disseminate organized crime intelligence information.

The OCIS system was initiated in the first field office in 1980 and to date 47 of our field offices and 3 of our Legal Attaches located in U.S. Embassies have access to this data base. Only 33 of our field offices have been allocated support positions for entry of intelligence information into OCIS and analysis of information retrieved from the system. Intelligence

estimates of emerging groups must be frequently updated to assist in the priority ranking of investigative responsibilities, however, the number of clerical positions allocated to support OCIS in our 33 offices is insufficient to process all of the LCN and major drug trafficking intelligence information. The full utilization and future expansion of the capabilities of this system will directly affect our ability to use the Enterprise Theory of Investigation against identified organized crime groups other than the LCN. This will not occur without enhanced staffing resources.

In January 1986, President Ronald Reagan pledged that the U.S. Government was determined to destroy organized crime. He said: "America has lived with the problem of organized crime far too long...we can--in our children's lifetime, perhaps even in our own--obliterate this evil and its awful cost to our nation."

This challenge is being met by the FBI and together with the combined resources of other Federal, state, and local agencies and the support of innovative legislation we are capable of dealing a fatal blow to organized crime. Investigative strategies and techniques must be modified as criminal groups learn to negate the successes of law enforcement. The Electronic Communications Privacy Act of 1986 is an example of the legislature providing the tools to address changes in technology. Electronic mail, cellular telephones, and digital print-out beepers are methods of communication used by organized crime

members which were not addressed in the electronic surveillance legislation in 1968 since the technology did not exist. When problems are encountered that hinder our effectiveness in accomplishing our mission they are brought to the attention of the Department of Justice and together we attempt to adjust policy, guidelines, or recommend legislation to overcome these obstacles.

The WSP is a necessary program to encourage citizen cooperation and provide for the safety of those individuals who testify at personal risk. This program has institutional guidelines which must be strictly followed to assure witness security and safeguard communities from relocated government protected witnesses who might themselves have a criminal background. In recent years many organized crime witnesses have personal circumstances such as family members who refuse or are unable to relocate which prohibit these witnesses from availing themselves of the WSP.

The recent FBI successes would have been greatly diminished had the FBI not found a method to secure testimony from these witnesses and provided security for them and their families until the lengthy trials are concluded. In the "Starquest" Colombo Family prosecution alone approximately $300,000 was expended by the FBI on providing physical security, prior to and during the criminal prosecution for ten cooperating witnesses who refused or were ineligible for the WSP. This funding does not include the FBI personnel required to provide

security details. This necessary witness security has caused the FBI to expend substantial resources from operational funding since witness security is not budgeted for the FBI. At the conclusion of the testimony of one of these witnesses he or she must again be relocated to preserve their safety.

Another issue under discussion with the Department of Justice is the potential need for a conspiracy provision in the Taft Hartley statute, Title 29, Section 186 United States Code. Situations have arisen where an undercover FBI Agent, representing a fictitious company is solicited and pays a bribe to a union official. A legal impediment arises in charging a Taft Hartley violation in that the fictitious company cannot legally perform as a union employer.

The emergence of organized crime groups based in foreign countries such as the Chinese Triads, the Japanese Yakuza, or the various narcotics cartels may require some additional legislation. There is mounting evidence that some of these criminal enterprises are generating large amounts of capital from criminal activities in their homeland and transporting these proceeds to the United States for investment in otherwise legitimate entities. The provisions of Title 18, Section 1952 prohibit travel in foreign commerce, or the use of any facility in foreign commerce, to distribute the proceeds of enumerated unlawful activity, however this unlawful activity pertains to violations under existing U.S. jurisdiction. Since this is a new area of concern, research by the Department of

Justice may be necessary to determine whether legislation can be recommended for criminal prosecution or asset seizure under these circumstances.

The addition of a civil forfeiture provision under RICO would permit law enforcement to more effectively and efficiently penalize those engaged in, or otherwise involved in, racketeering activities.

One of the most potent and effective criminal penalties under RICO is the forfeiture of the convicted individual's property which was used to violate the law or was derived from the violation of the law. However, the civil remedies under RICO do not permit the forfeiture of any such property. In contrast, the Controlled Substances Act, as well as the Child Protection and Money Laundering Control Acts, provide for both criminal and civil forfeiture of such property. By providing both criminal and civil forfeiture penalties, these Acts permit law enforcement to seize and forfeit a larger percentage of property which has been used to violate the law or which was derived from the violation of the law and to decide how the seizure and forfeiture of such property can best be accomplished.

In order to criminally forfeit property, law enforcement must establish beyond a reasonable doubt that the owner of the property has violated the law and the property is subject to forfeiture. To civilly forfeit property, law enforcement need only establish probable cause to believe the property is subject to forfeiture. Therefore, if the ownership

of property cannot be conclusively established by the Government; if the owner of the property was aware of or facilitated, but did not commit, a violation of the law; or, if it can only be established by a preponderance of the evidence that the owner of the property violated the law, and the property is subject to forfeiture, the property could not be criminally forfeited but could be civilly forfeited pursuant to a civil forfeiture statute.

Furthermore, it is difficult to seize or restrain property which is being criminally forfeited prior to the conclusion of the criminal forfeiture proceeding. On the other hand, property subject to civil forfeiture can be and usually is seized at the commencement of the civil forfeiture proceeding. This greatly reduces the risk that property subject to forfeiture will be destroyed, placed beyond the jurisdiction of the court, transferred to a third party, commingled with other property or diminished in value.

In conclusion I would like to emphasize the commitment of the FBI to the eradication of organized crime regardless of the facade under which it emerges and I again wish to thank this distinguished panel for allowing me to present the views of the FBI.

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# CHRONOLOGICAL HISTORY OF LA COSA NOSTRA IN THE UNITED STATES JANUARY 1920 - AUGUST 1987

CRIMINAL INVESTIGATIVE DIVISION

ORGANIZED CRIME SECTION

Organized Crime Intelligence
and Analysis Unit

October 1987

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## INTRODUCTION

On October 15, 1890, David Hennessey, Superintendent of Police of New Orleans, was ambushed by assassins. In the aftermath of his assassination, a large number of immigrants from Italy and Sicily were indiscriminately arrested, some for no more reason than they did not speak English well. On November 20, of that year, indictments were returned against 19 prisoners. On February 16, 1891, a trial of some of the defendants began. The trial lasted until the middle of March and was covered extensively by the press. The jury went out on March 12, 1891. The following afternoon the jury declared itself deadlocked as to 3 defendants, and it found the others not guilty. Since additional charges were pending, those found not guilty, as well as the others, were remanded to the Parish Prison. On March 14, 1891, a mob marched to Orleans Parish Prison, where the warden, realizing the futility of resistance, released the 19 prisoners, so that they might have a chance to hide. This tactic saved the lives of 8 of them but the remaining 11 were shot or hanged or both. Of the 11 who were lynched, 3 had been acquitted, 3 had been declared subjects of a mistrial, and 5 had not been tried at all.

The Hennessey killing and the subsequent murders created perhaps the first significant public awareness of the La Cosa Nostra (LCN). Newspapers nationwide reported the killings, and relations between Italy and the United States were strained for a time. The New Orleans grand jury investigating the incident reported that "our research has developed the existence of the secret organization styled 'Mafia'.... Officers of the Mafia and many of its members were not known. Among them are men born in this city of Italian origin.... The larger number of the society is composed of Italians and Sicilians...." (we know today that the LCN is strictly a North American phenomenon and distinctly different from its cousin organizations in Europe).

Because of the rapidly changing face of the LCN in the United States, (changing from the rough characters of the early years to the sophisticated influential members of today) an easy reference guide was needed. This guide was deemed necessary in that it will assist all personnel assigned to the Organized Crime Program in developing a working background of the LCN.

A chronological history was the vehicle chosen. One can trace the LCN from its infancy in the United States, through the more notorious phases, to its present status. The period 1920 - 1987 was selected to demonstrate that the LCN has undergone significant changes. The changes can be traced to the stepped-up law enforcement effort, which included consolidation of Federal resources in the form of Regional Strike Forces, as well as extensive use of electronic surveillance; and perhaps the most noteworthy, the Racketeer Influenced and Corrupt Organizations (RICO) Statute. An index has also been appended in order to provide a ready reference to specific names and places.

1920 - 1929

January 16, 1920: The 18th Amendment to the Constitution became effective, making Prohibition a national law. The following day, the Volstead (or Prohibition Enforcement) Act became effective. Although organized crime had existed in the United States prior to this time, it was the bonanza of Prohibition which enabled the small, but powerful, LCN to capitalize upon its international contacts, its reputation for ruthlessness, and--above all--its rigidly disciplined structure of cooperating gangs to establish the position of unrivaled eminence it holds in the American underworld today.

May 11, 1920: James (Big Jim) Colosimo, Chicago Camorra head, was shot and killed in his restaurant. He was succeeded by Johnny Torrio.

February 6, 1921: Vito Guardalabene, boss of the Milwaukee LCN Family died of natural causes. He was succeeded by his son, Peter Guardalabene.

May 12, 1921: Anthony D'Andrea, boss of the Chicago LCN Family was shot to death during the early morning hours while returning from a card game. He was succeeded by Mike Merlo.

May 6, 1922: Pellegrino Scaglia, member of the Colorado LCN Family was shot to death, precipitating such a crisis in the Colorado and Kansas City Families that a "general assembly" of LCN leaders had to be called in New York to resolve the dispute.

July 9, 1922: Joseph Peter DiCarlo, boss of the Buffalo Family, died of natural causes. He was succeeded by Stefano (Steve) Magaddino.

August 11, 1922: Umberto Valenti, alleged former "right arm" of New York City LCN boss Salvatore

D'Aquila, was shot to death on the running board of an automobile after his friends had conducted an intensive campaign to get D'Aquila to cancel the "contract" he had issued for Valenti's murder.

November 8, 1924: Mike Merlo, boss of the Chicago Family died of natural causes. He was succeeded by Antonio Lombardo.

November 10, 1924: Dion O'Banion, Chicago gang leader, was shot to death in his flower shop while preparing the floral arrangements for Mike Merlo's funeral. Since he had been head of one of the major independent mobs then competing with the LCN in the power struggle known as the Prohibition "beer wars," O'Banion's death marked an important milestone in the LCN's march to eventual domination of the American underworld. Indicative of the bloodiness of this struggle is the fact that more than 700 gangland slayings occurred in the Chicago area alone between 1920 and 1933, with 76 being recorded in the year 1926 and 72 in 1928.

January 24, 1925: Chicago Camorra head Johnny Torrio was shot and seriously wounded. He subsequently resigned his position and was succeeded by Alphonse (Scarface Al) Capone.

March 28, 1927: Joseph Amato, boss of the Milwaukee Family (having succeeded Peter Guardalabene in approximately 1924) died of natural causes. He was succeeded by Joseph Vallone.

October 13, 1927: Joseph Lonardo, boss of the Cleveland Family, was shot and killed--along with his brother John--in a local barbershop. He was succeeded by Salvatore Todaro.

July 1, 1928: New York City Mobster Frankie Yale (true name: Uale) was shot to death while taking a Sunday afternoon drive in Brooklyn, New York.

September 7, 1928: Antonio Lombardo, boss of the Chicago Family, was shot and killed on a downtown sidewalk. The importance of Lombardo's death is that it is said to have sealed the merger of the LCN and the Camorra in the Chicago area. Reportedly, Al Capone, head

of the Chicago branch of the Camorra, was offered membership and a ranking position in the LCN if he would have Lombardo murdered.

October 10, 1928: Salvatore (Toto) D'Aquila, head of what is now the Carlo Gambino Family and allegedly "boss of all bosses," was shot and killed while standing beside his automobile in New York City. He was succeeded as Family head by Frank Scalise.

November 4, 1928: New York City gambling figure Arnold Rothstein was shot at Park Central Hotel and died 2 days later.

December 5, 1928: More than 20 top LCN leaders were arrested in the early morning hours at a Cleveland hotel. Two, Joe Profaci and Joe Magliocco, were among those later in attendance at the 1957 Apalachin, New York, meeting.

February 14, 1929: Six followers of George (Bugs) Moran and a visiting optometrist were murdered in a Chicago garage (reportedly by members of the Capone mob) in what has come to be known as the "St. Valentine's Day Massacre."

May 16, 1929: Al Capone, boss of the Chicago Family, was arrested by the Philadelphia Police Department on a charge of carrying concealed weapons shortly after leaving what he described as a 3-day "peace conference" of leading mobsters in an Atlantic City, New Jersey, hotel.

June 11, 1929: Salvatore (Black Sam) Todaro, boss of the Cleveland Family, was shot to death while approaching a parked car. He was succeeded by Joe Porello.

August 6, 1929: Steve Monastero, boss of the Pittsburgh Family, was shot to death at the entrance to Allegheny General Hospital. He was succeeded by Joseph Siragusa.

1930 - 1939

February 20, 1930: Carlo T. Piranio, leader of the old Dallas, Texas, Family died of natural causes. He was succeeded by his brother, Joseph T. Piranio.

February 26, 1930: Gaetano (Tommy) Reina, boss of what later became the Thomas Luchese Family, was shot and killed leaving a building in New York City. He was succeeded by Joseph Pinzolo. The murders of D'Aquila and Reina (allegedly by followers of Giuseppe Masseria) are said to have been 2 of the main causes of the bloody Castellammarese gangland war that raged throughout much of 1930 and 1931.

May 31, 1930: Gaspare Milazzo, boss of the Detroit Family, was shot to death in a fish market. His successor is not known.

July 5, 1930: Joe Porello, boss of the Cleveland Family, was shot to death--along with his bodyguard--in Frank Milano's restaurant. He was succeeded by Milano.

September 5, 1930: Joseph Pinzolo, boss of the former Reina Family in New York City, was shot to death in a Manhattan office building. He was succeeded by Thomas Gagliano and, later, by Thomas Luchese. Luchese was arrested for Pinzolo's murder, but the grand jury failed to indict him.

October 23, 1930: Joseph Aiello, former underboss of the Chicago Family, was shot and killed leaving a friend's apartment house.

November 5, 1930: Stephen Ferrigno and Manfredi Mineo, top aides to Giuseppe Masseria, were shot to death in New York City by followers of rival gang leader Salvatore Maranzano.

April 15, 1931: Giuseppe Masseria, "boss of all bosses" was shot to death in a Coney Island, New York, restaurant. He was succeeded as Family head by Salvatore "Lucky" Lucania and as "boss of all bosses" by Salvatore Maranzano. After Masseria's murder, there were significant changes in the LCN's structure. Individual groups became known as families

and the fathers became "bosses." Regional designations were dropped, and the families took the names of their original leaders. More important were organizational shakeups during 1931. Luciana took over the Masseria (Napolitana) Family, with Frank Costello as underboss; Vito Genovese was a trusted associate, and later became the boss and the organization was known as the Genovese Family. Joseph Profaci retained control of the Villabate group that now bore his name and later became the Joseph Colombo Family. Philip Mangano assumed control of the Mineo (Palermitana) Family, which later became the Carlo Gambino Family. Gaetano Gagliano became boss of the Reina (Siciliani) Family, later identified as the Thomas Luchese Family. Joseph Bonanno became underboss in the Maranzano (Castellammare) Family which eventually bore his name.

September 10, 1931: Salvatore Maranzano, successor to Masseria, was shot and stabbed to death in his Manhattan office building by 4 members of Meyer Lansky's Jewish mob posing as police officers. This assistance rendered to one of the warring factions in the Castellammarese war consolidated Lansky's alliance with the victorious segment and accounts for much of the respect he enjoyed in the underworld. A second, and still more important, result of Maranzano's death was the abolition of the old title "boss of all bosses" and the establishment of the "Commission" system to assign territories, adjudicate disputes, and exercise internal discipline. Members included: Salvatore Lucania (known variously throughout the underworld as "Charley Lucky" and "Lucky Luciano"); Joe Profaci; Thomas Gagliano; Joseph Bonanno; Vincent Mangano (who had deposed Frank Scalise as head of the old D'Aquila Family); Frank Milano, of Cleveland; and Al Capone, of Chicago.

September 13, 1931: Joseph Siragusa, boss of the Pittsburgh Family, was shot to death in his home. He was succeeded by John Bazzano.

October 15, 1931: Joe Ardizonne, boss of the Los Angeles Family, disappeared and is presumed to have been murdered. He was succeeded by Jack Dragna. Following the death of

Salvatore Maranzano, a wave of gangland slayings, known as the "Sicilian Vespers," swept the country, allegedly including both Ardizonne and the previously mentioned Siragusa.

October 17, 1931: Al Capone, boss of the Chicago Family, was convicted on Federal charges of income tax evasion. He was fined $50,000 and sentenced to 11 years in prison.

December 18, 1931: Jack (Legs) Diamond, New York City hoodlum, was shot to death in an Albany, New York, boardinghouse after reportedly refusing to take sides in the Castellammarese gangland war. His murder is said to have been committed by an unidentified member of the Vito Genovese faction.

February 8, 1932: Vincent (Mad Dog) Coll, New York City hoodlum, was shot to death in a Manhattan telephone booth, reportedly at the instructions of LCN boss Salvatore Lucania.

July 29, 1932: John, Arthur and James Volpe--notorious underworld figures and bootleggers--were shot to death in a Pittsburgh coffee shop, allegedly at the orders of John Bazzano, boss of the Pittsburgh Family.

August 8, 1932: The body of John Bazzano, boss of the Pittsburgh Family, was found in the middle of a Brooklyn, New York, street--strangled and stabbed to death and sewn into a burlap sack. Bazzano was reportedly murdered when, called to New York City to explain the slayings of the 3 Volpe brothers, he replied that what he did in Pittsburgh was no concern to anyone else in the organization. Bazzano was succeeded by Vincenzo Capizzi as head of the family.

June 17, 1933: FBI Agent Raymond J. Caffrey, 3 police officers, and hoodlum Frank Nash were killed in the Union Station parking lot during the infamous "Kansas City Massacre." Reportedly the Kansas City LCN Family declined a request that it participate in the operation. One of the gunmen (Vernon C. Miller, an associate of New York City mobster Louis Lepke Buchalter) was found murdered in Detroit on November 29, 1933, allegedly killed by followers of New Jersey gang leader Abner Zwillman.

December 5, 1933: The 21st Amendment to the Constitution became law, repealing Prohibition. The resulting end of their bonanza caught mob leaders with large hordes of wealth, vast fleets of trucks, and whole armies of trained gunmen at their disposal. Most branched out into other fields of criminal endeavor (such as gambling, loan sharking, narcotics, labor racketeering, etc.), whereas quite a few added to their flow of illicit wealth by investing their funds in a succession of legitimate investments, ranging from real estate and manufacturing plants to hospitals and theatrical agencies. It was also at this time that many racket leaders tried to play down their past histories and adopt an air of pseudorespectability in their local communities.

January 1, 1934: Fiorello H. LaGuardia was sworn in as Mayor of New York City and immediately declared war on organized crime. Between February and May, more than 2,000 slot machines controlled by LCN member Frank Costello and his partner, "Dandy Phil" Kastel, were seized by local police, with LaGuardia serving as a committing magistrate. Costello and Kastel decided to move the center of their slot machine operations and, in August, 1935, founded the Bayou Novelty Company in New Orleans.

July 10, 1934: John Lazia, boss of the Kansas City Family, was fatally shot in front of his residence during the early morning hours. He died later that afternoon and was succeeded by Charles V. Carrollo.

September 19, 1934: Ferdinand (The Shadow) Boccia was shot to death in Brooklyn, New York. Subsequently developed as a prime suspect in the slaying, Vito Genovese fled to Italy and did not return until after World War II.

January 30, 1935: Frank Milano, former boss of the Cleveland Family, entered Mexico. He was granted a permanent immigration visa on April 13, 1942. He was succeeded as boss by Alfred (Big Al) Polizzi.

August 22, 1935: Vincenzo Troia, formerly a close associate of "boss of all bosses" Salvatore Maranzano and himself a nominee for the position

following the death of Giuseppe Masseria in 1931, was shot to death for allegedly plotting to seize control of the Newark, New Jersey, Family.

October 23, 1935: Arthur (Dutch Schultz) Flegenheimer, a participant in the Castellammarese gangland war of the early 1930s, was fatally shot in a Newark restaurant after an "open contract" had been issued by LCN officials for his murder. He died the following evening.

February 15, 1936: Vincent Gebardi, better known as "Machine Gun" Jack McGurn, was shot to death at a Chicago bowling alley.

May 19, 1936: Mrs. Nicholas Longo, sister and next-door neighbor of Buffalo Commission member Steve Magaddino, was killed by an early morning bomb blast believed intended for her brother.

June 7, 1936: Salvatore Lucania (Lucky Luciano) and 8 associates were convicted on 62 counts each of compulsory prostitution charges. Luciano was sentenced to a prison term of 30-50 years'. Succeeded by Frank Costello, Luciano served more than 9 years' before New York Governor Thomas Dewey recommended clemency. He noted that Luciano had cooperated with the Armed Forces during World War II when the Navy, fearing sabotage, had asked his help in gathering intelligence and controlling the docks. Luciano was paroled and immediately deported.

August 17, 1936: "Big Nose" John Avena (also known as John Nazzone), boss of the Philadelphia Family, was shot to death while talking to a friend on a Philadelphia street corner. He was succeeded by Joseph Bruno.

January 8, 1937: The Cuban Cabinet approved plans to place certain gambling operations under control of the army, headed by Colonel (later President) Fulgencio Batista. Shortly thereafter, New York City gambling czar Meyer Lansky led a vanguard of American hoodlums imported to help operate the major Cuban casinos. Although World War II and Batista's removal from office during the latter part of the 1940s drove Lansky to seek greener pastures (such as those

beginning to blossom in the Nevada desert), Batista returned to power in March, 1952, and soon asked Lansky to come back and "add a touch of class" to the Cuban operations.

February 22, 1937: Gaspare D'Amico, boss of the Newark Family, was shot and seriously wounded, reportedly at the instructions of Commission member Joseph Profaci. Upon his recovery, D'Amico is said to have fled the country, and it is probably at this time that the Commission voted to dissolve the Newark Family and parcel out its operations among the various New York City Families, including the one headed by Profaci.

June 14, 1937: Francesco Lanza, boss of the San Francisco Family and father of the future boss, James Joseph Lanza, died in San Francisco of natural causes. He was succeeded by Anthony J. Lima.

October 5, 1937: Nicolo Gentile, formerly a high-ranking member of families in Kansas City, Pittsburgh, and New York City, was arrested at New Orleans in a nationwide narcotics raid involving more than 80 subjects. Gentile later jumped bond and fled back to Sicily to avoid standing trial.

May 2, 1938: Detroit gang leader Joe Tocco was fatally shot in the back and died the following day. Reportedly, his death was one of the major factors leading to the ultimate consolidation of power in the Detroit area by LCN Commission member Joe Zerilli.

August 24, 1939: New York City hoodlum Louis Lepke Buchalter, after 25 months as a fugitive on Federal Antitrust charges, surrendered to FBI Director J. Edgar Hoover in New York City. Buchalter was subsequently turned over to local authorities and executed for murder.

October 20, 1939: Charles V. Carrollo, boss of the Kansas City Family, was incarcerated in the United States Penitentiary at Leavenworth, Kansas, for violating Federal tax laws. Reportedly, he was succeeded by Charles Binaggio.

November 16, 1939: Al Capone was released from Federal custody and committed to a hospital for treatment of paresis.

1940 - 1949

November 12, 1941: Abe Reles, a prime witness in the local investigation of "Murder, Incorporated," fell to his death during the early morning hours from his guarded hotel room in Coney Island, New York. The grand jury returned a verdict of accidental death.

December 7, 1941: Pearl Harbor Day. While temporarily interrupting American gambling operations in Cuba and forcing certain hoodlums into military service, World War II also opened up new areas of illicit profits through black-marketeering and the theft and counterfeiting of Government ration stamps.

December 5, 1942: Vincenzo Capizzi, former boss of the Pittsburgh Family, was arrested by FBI Agents for conspiring to violate the National Bankruptcy Act. He had been succeeded, possibly in 1937, by Sebastian John LaRocca.

January 11, 1943: Carlo Tresca, editor of the Italian-language newspaper Il Martello was shot to death on a Manhattan street corner. The prime suspect was identified as Carmine Galante, later named capodecina (or Captain) in the Joseph Bonanno Family. When the New York City police assigned 1,000 officers to the investigation, Bonanno moved to Tucson, Arizona.

February 2, 1943: Estelle Carey, Chicago's "Queen of the Dice Girls," was brutally murdered and burned, possibly because of her involvement in the movie extortion ring then being investigated by the FBI.

March 18, 1943: As the result of an extensive FBI investigation, sealed indictments were returned against Frank Nitti, Paul DeLucia, (also known as Paul "The Waiter" Ricca), Louis Campagna, John Roselli, and 5 other individuals for extorting more than

$1,000,000 from the major producers and exhibitors in the American film industry. The indictments were opened the following day.

March 19, 1943: On the day his Federal indictment was announced, Frank Nitti shot himself to death alongside a railroad track in Riverside, Illinois, after reportedly threatening a nearby train crew.

December 22, 1943: DeLucia, Campagna, Roselli, and 4 other defendants were convicted in the film-industry extortion case. All were fined $10,000 apiece, and the sentences ranged from 7 to 10 years'. With the death of Nitti in 1943, and the departure of Delucia and Campagna for prison in 1944, Anthony Accardo was named boss of the Chicago Family.

July 25, 1944: Corrado Giacona, boss of the New Orleans Family for approximately 20 years, died. He was succeeded by Frank Todaro.

August 7, 1944: Vito Genovese, indicted for the 1934 murder of Ferdinand Boccia, was arrested by American authorities in Italy. He arrived in the United States June 1, 1945, to stand trial, but the main witness against him died of an "overdose of sedative" while in protective custody and, on June 10, 1946, Genovese's trial ended with a directed verdict of acquittal.

October 19, 1944: Alfred Polizzi, boss of the Cleveland Family, pleaded guilty to charges of failing to pay Federal liquor taxes and, after his release from prison in 1945, moved to Coral Gables, Florida. He was succeeded by John Scalish.

November 29, 1944: Frank Todaro, boss of the New Orleans Family, died. He was succeeded by Sylvestro (Sam) Carollo.

February 1, 1946: Former Commission member Salvatore Lucania (Lucky Luciano) deported to Italy.

June 24, 1946: Race-wire operator James M. Ragen was shot from a truck while driving in rush-hour traffic on a Chicago street. Reportedly attacked for refusing to sell out to the hoodlum element, he died of his wounds on August 14, 1946.

October 22, 1946: Joseph Bruno, boss of the Philadelphia Family, died in a New York City hospital. He was succeeded by Joe Ida.

December 26, 1946: The formal opening of the Flamingo Hotel Casino in Las Vegas--backed by such hoodlum figures as Benjamin (Bugsy) Siegel, Meyer Lansky, Frank Costello, and Joe Adonis--marked the infiltration of Nevada gambling by the organized criminal element. The formal opening of the hotel itself took place on March 1, 1947.

January 25, 1947: Former gangland czar Al Capone died of natural causes in his Miami Beach, Florida, home.

February 22, 1947: Salvatore Lucania (Lucky Luciano) was arrested by Cuban authorities after the United States discovered that he had been living on the island since October, 1946. (While in Havanna, Lucania placed calls to all the top crime figures in the United States. Commission members Genovese, Costello, Anastasia, Accardo, Marcello--even Lansky--who was not a member of the LCN, came to Havana. Many believe the occasion was to pass his power to Vito Genovese.) He was deported back to Italy on March 20, 1947.

April 30, 1947: Sylvestro (Sam) Carollo, boss of the New Orleans Family, deported. He was succeeded by Carlos Marcello. (His true name was Calogero Minacore, which was subsequently changed to Marcella and later masculinized to Marcello.)

May 7, 1947: Nick DeJohn, former capodecina in the Chicago Family, was strangled and his body stuffed into the trunk of a car parked on a San Francisco street. DeJohn had reportedly fled Chicago after murdering several other LCN members and was living in Santa Rosa, California, under an alias at the time of his death.

June 20, 1947: Benjamin (Bugsy) Siegel was shot to death through a living-room window while sitting in the Beverly Hills mansion of his paramour, Virginia Hill.

1950 - 1959

February 28, 1950: Abraham Davidian was shot to death in Fresno, California, while waiting to testify in a major West Coast narcotics trial.

April 6, 1950: Charles Binaggio, boss of the Kansas City Family, was found shot to death, along with his bodyguard, Charles Gargotta. He was succeeded by Anthony Gizzo.

May 26, 1950: The Senate Special Committee to Investigate Organized Crime in Interstate Commerce (popularly known as the Kefauver Committee, even though Senator Estes Kefauver resigned his chairmanship on May 1, 1951) opened hearings in Miami, Florida. Subsequent hearings were held in various cities throughout the country until August 17, 1951.

June 5, 1950: James Lumia, boss of the Tampa Family, was shotgunned to death on a street corner. He was succeeded by Santo Trafficante, Sr.

February 16, 1951: Thomas Gagliano, LCN Commission member from New York City, died of natural causes. He was succeeded by Thomas Luchese.

April 16, 1951: Sam Maceo, former underboss of the Texas Family, died of natural causes in a Baltimore, Maryland, hospital.

April 19, 1951: Philip Mangano, brother of Commission member Vincent Mangano, was found shot to death in a marshy section of Brooklyn, New York. Vincent disappeared at about the same time and has not been seen since. He was succeeded by Albert Anastasia as head of what was later to become the Carlo Gambino Family.

August 6, 1951: The "two Tonys," Broncato and Trombino, were shot to death in Los Angeles, reportedly for committing a robbery in a hoodlum-controlled Nevada hotel.

October 4, 1951: Willie Moretti, LCN gambling czar, was shot to death in a Cliffside Park, New Jersey, restaurant. He is said to have been killed because he had become mentally ill and had been talking too much.

October 20, 1951: The Revenue Act of 1951 signed into law, to become effective November 1, establishing wagering excise and occupational taxes. The immediate effect of the new statute, which was later declared unconstitutional by the Supreme Court in 1968, was to drive many leading bookmakers to move their bases of operation out of the country for several years.

November 20, 1951 New York Governor Thomas E. Dewey ordered the New York State Crime Commission to conduct an investigation of the Port of New York. In 1953, the Commission issued a report charging that corruption was widespread in the waterfront and the International Longshoremen's Association (ILA) had flagrantly disregarded the rights of dockworkers.

March 18, 1952: Joseph Vallone, former boss of the Milwaukee Family, died. He had been succeeded upon his retirement in approximately 1949 by Sam Ferrara. Ferrara's rule lasted until November or December, 1952, when he was deposed by the Chicago Family, at the request of the Milwaukee membership, and was replaced by John Alioto.

April 27, 1952: More than 80 hoodlum figures from various areas attended a party in Johnston, Rhode Island, allegedly to celebrate Raymond Patriarca's appointment to head the New England Family upon the retirement of Philip Buccola, who had returned to Italy.

April 1, 1953: Anthony (Tony) Gizzo, boss of the Kansas City Family, died of natural causes in Dallas, Texas. He was succeeded by Nicholas Civella.

April 27, 1953: Anthony J. Lima, boss of the San Francisco Family, committed to California State Prison for grand theft. He was succeeded by Mike Abati.

June 11, 1953: Illinois State Representative Clem Graver was kidnaped after incurring the displeasure of future Commission member Sam Giancana and has not been seen since.

September 23, 1953: George Meany, President of the American Federation of Labor (AFL), expelled the Longshoremen's Union from the AFL. He

called the ILA "the tools of the New York Waterfront mob." Meany also noted that the gangster element had "exploited longshoremen on the New York docks for years."

January 7, 1954: Charles V. Carrollo, former boss of the Kansas City Family, deported and last known to be residing in Palermo, Sicily.

May 13, 1954: Frank Costello, (true name Francesco Castiglia) LCN Commission member from New York City, was convicted in the U.S. District Court, Southern District of New York (SDNY), for violating Federal income tax laws. He was fined $30,000 and sentenced to 5 years'. On March 11, 1957, he was released from prison on bail pursuant to a Supreme Court order. Returned to custody October 21, 1958, when the Supreme Court denied his appeal, he was finally released June 20, 1961, on "good behavior."

August 11, 1954: Santo Trafficante, Sr., boss of the Tampa Family, died of natural causes. He was succeeded by his son, Santo Jr.

May 16, 1955: Frank Bompensiero, head of LCN operations in the San Diego area, was committed to California State Prison on local bribery charges. He was succeeded by Antonio Mirabile.

May 30, 1955: Louis (Little New York) Campagna, former Chicago gang leader, died of natural causes while on a Florida fishing trip.

June 4, 1955: Carmella Profaci, daughter of Joseph Profaci, boss of the Profaci Family, married Anthony Tocco, son of William Tocco, LCN leader in Detroit. Joseph Zerilli, boss of the Detroit Family, and his brother-in-law William Tocco formed an alliance with Joseph Profaci following World War II. It was cemented by the above marriage and the marriage of another Profaci daughter to Anthony Zerilli, Joseph's son.

November 4, 1955: Willie Bioff, one of the Government's main witnesses in the 1943 film-industry extortion case, was killed when a bomb exploded in a truck at his Phoenix, Arizona, home.

January 3, 1956: Joseph (Joe Adonis) Doto, a major Brooklyn rackets figure, voluntarily left the United States to avoid deportation proceedings and to avoid serving a Federal perjury sentence.

February 23, 1956: Jack Dragna, boss of the Los Angeles Family, was found dead in a motel room reportedly of natural causes. He was succeeded by attorney Frank Desimone.

April 5, 1956: Victor Riesel, a nationally known labor columnist, was blinded in an acid attack while leaving a New York City restaurant. LCN member John Dioguardi was indicted but never tried.

June 18, 1956: Girolomo (Momo) Adamo, underboss of the Los Angeles Family, committed suicide in San Diego after seriously wounding his wife over an affair she allegedly was having with the then head of the Family, Frank Desimone.

July 18, 1956: The Narcotics Control Act of 1956 was signed into law, drastically increasing penalties for engaging in the illicit-drug trade.

October 17, 1956: The first of 3 meetings to discuss post-World War II domination of the U.S. heroin market by the LCN was held in Binghamton, New York. These high-level LCN meetings established Sicily as a major base in United States drug trade. Cuba, a major distributor in the smuggling of narcotics into the United States, had fallen into political turmoil. A new base was needed, and the 3 meetings of LCN chieftains were held primarily to establish such a base. LCN and Mafia leaders decided to formulate a common strategy. The second meeting took place between October 12-16, 1957, at the Hotel Delle Palme, Palermo, Sicily. The third meeting took place at the Apalachin mountain estate of mob boss Joseph M. Barbara on November 14, 1957.

October 27, 1956: Joseph T. Piranio, boss of the Dallas, Texas, Family, shot himself to death after a brief illness. He was succeeded by Joseph Civello.

February 25, 1957: George (Bugs) Moran, former prohibition rival of Al Capone, died of natural causes in the United States Penitentiary at Leavenworth while serving a 10-year sentence for bank robbery.

February 26, 1957: The Senate Select Committee on Improper Activities in the Labor or Management Field (popularly known as the "Senate Rackets Committee" and chaired by Senator John L. McClellan) opened hearings in Washington, D.C. Subsequent hearings lasted until December 3, 1958, and included an intensive probe into the hoodlum meeting held at Apalachin, New York.

May 2, 1957: Commission member Frank Costello received a minor head wound when he was shot entering his New York City apartment building. He reportedly stepped aside shortly thereafter and relinquished his Commission post to Vito Genovese, whose chauffeur and bodyguard, Vincent Gigante, had been the leading suspect in the shooting.

May 14, 1957: Philip (Big Phil) Amari, boss of the Elizabeth, New Jersey, Family, left the United States for an extended residence in Italy. He was succeeded by Nicholas Delmore.

June 17, 1957: Frank Scalise, former gang leader and top adviser to Commission member Albert Anastasia, was shot and killed in a New York City grocery store. At the time of his death, Scalise had reportedly been selling LCN memberships for as much as $40,000-$50,000 each, a practice that resulted in a lucrative side income and frightened rival mobs by causing the Anastasia Family to dwarf all the others in size.

September 7, 1957: Joe Scalise, brother of the murdered Frank Scalise, was reported by his relatives as a "missing person." According to underworld sources, he was killed and cut up into small pieces by LCN hoodlums acting under the direction of Vincent Squillante.

October 25, 1957: Albert Anastasia, LCN Commission member, and 2 bodyguards walked into the barbershop of the Park-Sheraton Hotel in Manhattan.

Anastasia sat down, loosened his tie, and closed his eyes as the barber covered his face with a hot towel. The bodyguards slipped away. Two other men walked in from the hotel lobby, strode up to Anastasia, and literally blasted him out of the chair. The high executioner of Murder, Inc., had himself been executed. Anastasia's murder was ordered by Vito Genovese as part of the latter's plan to eliminate his more powerful rivals, dispense with the Commission," and claim the long-since-discarded title "boss of all bosses."

November 10, 1957: A national meeting of LCN leaders--reportedly larger than that held later in Apalachin, New York--convened at the Livingston, New Jersey, estate of Ruggiero Boiardo, a captain in the Vito Genovese Family. Lasting from approximately noon until 5 the following morning, the meeting is said to have covered such topics as Albert Anastasia's recent murder, the selection of Carlo Gambino as his successor, and the closing of the organization's membership "books" to further recruiting (an edict that lasted until 1972). Upon adjournment, the members present agreed to hold another session later in the week at the 58-acre Apalachin estate of Joseph M. Barbara, head of the Family centered in the Pittston, Pennsylvania-Binghamton, New York, area.

November 14, 1957: The second session of the above meeting convened on November 13, 1957, at Apalachin, New York, on the estate of Joseph Barbara, Sr., for a continuation of the discussions regarding Anastasia, Gambino, and the ban on the recruiting of new members. Scheduled to last through November 15, the meeting broke up early in the afternoon of the 14th when detected by New York State Police. Although some 60 leading racket figures were detained and interrogated while trying to flee the premises, another 40 or 50 reportedly succeeded in making good their escape.

May 22, 1958: Tony Musso, boss of the Rockford, Illinois, Family, died. He was succeeded temporarily by Jasper Calo and then later by Joseph Zammuto.



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December 3, 1958: Gus Greenbaum, Las Vegas casino operator, and his wife were found murdered in their Phoenix, Arizona, home.

December 27, 1958: Antonio Mirabile, head of LCN operations in the San Diego area, was murdered during an attempt to rob him. He was succeeded by Joe Adamo, brother of the late underboss Momo Adamo.

In 1959 The FBI in Chicago had installed the first in a series of electronic devices that would reveal so much about the underworld in years to come.

January 1, 1959: The Cuban Government under President Fulgencio Batista collapsed, resulting in widespread riots and the burning of homes, stores, and gambling casinos. With the advent of Fidel Castro's rise to power, the foreign casino owners (including some of the top names in the American underworld) were forced to abandon their gambling operations in Cuba.

January 15, 1959: Joseph Ida, LCN Commission member from Philadelphia, left the United States to return to Italy. He renounced his citizenship on April 21, 1960, and was eventually succeeded--after considerable bickering and fighting--by Angelo Bruno.

February 26, 1959: Abner (Longie) Zwillman, New Jersey rackets figure, was found hanged in the basement of his mansion. Officially ruled a suicide, Zwillman's death came less than 2 weeks after 3 of his associates had been arrested by FBI Agents and charged with bribing jurors in Zwillman's income tax trial, which had ended in a hung jury on March 1, 1956.

April 11, 1959: Vito Genovese, Commission member from New York City, was convicted of violating Federal narcotics laws. He was sentenced to 15 years' on April 17, 1959, and remanded to custody in February, 1960, when his appeal was denied.

June 17, 1959: Joseph M. Barbara, Sr., boss of the LCN Family centered in the Pittston, Pennsylvania-Binghamton, New York, area and host for the notorious meeting of hoodlum leaders at Apalachin, died of natural

causes. He was succeeded by Russell A. Bufalino.

September 10, 1959: Onofrio Sciortino, boss of the San Jose, California, Family, died of natural causes. He was succeeded by Joe Carrito.

September 25, 1959: Anthony Carfano (also known as "Little Augie Pisano"), LCN mobster, was shot to death in his car after leaving a New York City night club. Also killed with Carfano was former "Miss America" contestant Janice Drake.

December 16, 1959: Roger (The Terrible) Touhy, former Chicago gangland figure and Capone rival, was fatally shot less than a month after his parole from prison.

1960 - 1969

September 23, 1960: Vincent Squillante, a "capodecina" in the Carlo Gambino Family, was last seen driving a 1960 Chevrolet. Although Squillante is said to have been murdered for personal misconduct, neither he nor the car were ever found.

January 1, 1961: The general gambling provisions of the Betting and Gaming Act of 1960 became effective, legalizing casino operations in Great Britain and attracting certain ranking hoodlum figures from the United States. The off-track wagering provisions of the statute became effective May 1, 1961.

February 27, 1961: The Gallo-Profaci gangland war in New York City was launched with the kidnaping of a group of Commission member Joe Profaci's top aides by a faction of hoodlums loyal to Joe and Larry Gallo. Before the shooting stopped in August, 1963, at least 9 persons were killed; 15 were wounded, beaten, or otherwise injured; 3 were reported missing and presumed to be dead; and 9 were fired at but missed.

April 4, 1961: Carlos Marcello, boss of the New Orleans Family, was deported to Guatemala. Returning to the United States without permission, he surrendered to immigration

authorities in June, 1961. Subsequent deportation proceedings have been thwarted by the refusal of other countries to accept him.

July 8, 1961: Mike Abati, boss of the San Francisco Family, was deported to Italy, where he died on September 5, 1962. He was succeeded by James Lanza.

September 13, 1961: The Interstate Transportation in Aid to Racketeering (ITAR), Interstate Transportation and Wagering of Information (ITWI) and The Interstate Transportation of Wagering Paraphernalia (ITWP) Statutes were signed into law, giving the FBI its first major jurisdiction in the bookmaking and numbers-lottery areas.

October 20, 1961: John A. Kilpatrick, International President of the United Industrial Workers of America, was found shot to death in his car parked in a Chicago alley. An FBI investigation led to the conviction in local court of Detroit hoodlum William G. Triplett and his uncle Dana Horton Nash.

December 27, 1961: Frank Peter Balistrieri was reportedly "formalized" as the new head of the Milwaukee Family at a civic testimonial dinner for Dr. Vito Guardalabene, son and grandson of 2 former LCN officials. Balistrieri succeeded his father-in-law John Alioto, who had served as boss since November or December, 1952.

January 26, 1962: Salvatore Lucania (Lucky Luciano), former Commission member, died in Italy, apparently of natural causes.

April 8, 1962: Anthony (Tony Bender) Strollo, a captain in the Vito Genovese Family and a close personal friend of Genovese, vanished during the late evening hours and was never seen again. Reportedly Strollo's death had been ordered by Genovese from his Atlanta prison cell because Strollo had been dealing in narcotics against Genovese's orders and was believed to be thereby jeopardizing Genovese's chances of obtaining parole.

May 18, 1962 Jimmy Hoffa was indicted under the Taft-Hartley Act in Nashville, Tennessee, for

receiving $1,000,000 in illegal payments through a trucking company, the Test Fleet Corporation, which had been set up in his wife's name.

June 6, 1962: Joseph Profaci, Commission member from New York City, died of natural causes. He was succeeded temporarily by his brother-in-law and top aide, Joseph Magliocco.

June 13, 1962: Simone Scozzari, underboss of the Los Angeles Family, was deported to Italy. He was succeeded by Nicolo Licata.

June 22, 1962: Joseph Valachi, then a prisoner in the Federal penitentiary in Atlanta, seized a 2-foot length of iron pipe, rushed fellow inmate John Saupp, and beat him to death. Valachi believed that the man he had killed was Joseph DiPalermo, who had been, Valachi thought, ordered by Vito Genovese, then in prison with Valachi, to kill him. The murder precipitated Valachi's break with the LCN and the chain of events that led to his public testimony on the structure of organized crime in America.

July 3, 1962: FBI Agents seized more than $2,000,000 in cash, some $13,000 in stocks and bonds, and 3 guns hidden in a Jersey City, New Jersey, garage of gambling figure Joseph Vincent (Newsboy) Moriarity. Although Moriarity--then incarcerated in New Jersey State Prison on local gambling charges--originally refused to discuss the ownership of the funds, he subsequently filed a tax form listing them as income derived from miscellaneous sources.

August 16, 1962: "Dandy Phil" Kastel, former underworld gambling czar and associate of LCN Commission member Frank Costello, committed suicide in New Orleans, reportedly because of ill health.

September 8, 1962: Joseph Valachi, while being questioned by the FBI, first acknowledged "La Cosa Nostra" as the name used by members of his organization.

November 23, 1962: Charles (Cadillac Charley) Cavallaro--a Youngstown, Ohio, gambling figure--and his 11-year-old son were killed by a bomb wired to the ignition of their automobile. This

marked the 82nd bombing in the Youngstown area during a 10-year period.

January 7, 1963: Juke-box operator Anthony J. Biernat was kidnaped from the parking lot of the Kenosha, Wisconsin, railroad station. His lime-covered body was located on January 28, 1963, by an FBI Agent and local officers on an abandoned Air Force base about 20 miles away.

July 17, 1963: Commission member Joe Bonanno reportedly flew from New York City to Phoenix, Arizona, took his wife and car, and drove to the West Coast under an assumed name--all less than 2 weeks before he and Joe Magliocco (acting boss of the Profaci Family) were scheduled to appear before the Commission on charges of having plotted to kill 3 of the organization's top leaders. Bonanno was not seen again publicly until May, 1964, when he appeared in Canada and applied for permanent residence. Magliocco, in the meantime, allegedly admitted his guilt and was deposed as "acting boss."

September 24, 1963: Philip (Big Phil) Amari, former boss of the Elizabeth, New Jersey, Family, died of natural causes in Arcadia, California.

September 25, 1963: The Senate Permanent Subcommittee on Investigations (popularly known as the McClellan Committee) opened hearings in Washington, D.C., regarding "Organized Crime and Illicit Traffic in Narcotics." Featuring the testimony of LCN member Joe Valachi, the hearings lasted periodically until August 5, 1964.

November 22, 1963 President John F. Kennedy was assassinated. After the President's assassination, the steam went out of the organized crime program. Prior to his death, for the first time in history, on a sustained, comprehensive basis, the syndicate was feeling the pressure, not just the public exposure of a congressional investigation, but prosecution for serious crimes. The committee was able to identify from Federal and local intelligence reports the organized crime families that dominated various areas and various illicit activities, including the identity of their

bosses, underbosses, consigliari, caporegime, and their members. With the President's death, the pressure was off the syndicate.

December 28, 1963: Joseph Magliocco, deposed acting boss of the late Joe Profaci's LCN Family in New York City, died apparently of natural causes.

January 23, 1964: The Lucayan Beach Hotel Casino (christened the Monte Carlo) opened on Grand Bahama Island, less than 100 miles off the Florida Coast. The first of various Bahamian casinos licensed to date, the Monte Carlo reportedly received hidden financial backing from a number of American hoodlums formerly associated with the Cuban gambling industry.

February 2, 1964: Nicholas Delmore, boss of the Elizabeth, New Jersey, Family, died of natural causes. He was succeeded by his nephew, Samuel Rizzo DeCavalcante.

March 15, 1964: William J. Sheridan was shot and killed in Roxbury, Massachusetts, by waterfront hoodlum George Mclaughlin (later arrested as a "Top Ten" fugitive and sentenced to death), thereby touching off a string of more than 60 gangland slayings in the Boston area during the next 5 years.

April 5, 1964: The Gallo-Profaci war officially closed with the formal installation of Joseph Colombo as boss of the old Profaci Family. Reportedly, LCN officers from as far away as Detroit attended the ceremonies in New York City.

June 11, 1964: Retired Teamsters official Floyd R. Hayes was shot to death in Kansas City, Missouri, after testifying as a Government witness in a perjury case involving payoffs to some of his former associates.

July 30, 1964: Commission member Joe Bonanno was deported from Canada to Chicago, Illinois, by airplane.

September 19, 1964: Samuel Rizzo DeCavalcante, head of the Elizabeth, New Jersey Family, met with Joe Bonanno and attempted to persuade him to appear before a meeting of the

Commission on the earlier charges that he had planned to murder 2 or 3 of his fellow Commission members. When Bonanno refused, a special meeting of the Commission was called and he was expelled. As a result, the Bonanno LCN Family split into various warring factions, a number of gangland shootings took place, and an unsuccessful attempt was made on the life of Bonanno's son, Salvatore, in January, 1966, to try to keep him from succeeding his father.

October 21, 1964: Joe Bonanno, former Commission member from New York City and Tucson, Arizona, allegedly was kidnaped during the early morning hours from a Manhattan street corner and was not seen again publicly until 1966.

April 24, 1965: Owen Victor (Owney) Madden, former New York City rackets boss, died in Hot Springs, Arkansas, of natural causes.

June 1, 1965: Sam Giancana, Commission member from Chicago, was incarcerated for contempt after refusing to testify under an offer of immunity before a Federal grand jury probing organized crime in the Chicago area. Released on May 31, 1966, he subsequently fled to Latin America, where he stayed until expelled by Mexican authorities on July 19, 1974.

November 23, 1965: Murray (The Camel) Humphrey, a leading Chicago rackets figure, died of natural causes several hours after having been arrested by FBI Agents for perjuring himself before a Federal grand jury.

January 6, 1966: Salvatore Palma, a Kansas City hoodlum under indictment for having violated the Interstate Transportation of Stolen Property Statute (ITSP), was found shot to death in Mount Olivet Cemetery, Raytown, Missouri.

January 28, 1966: A major gun battle was waged on a Brooklyn street at 10:45 p.m., involving an attempt by 4 or 5 gunmen on the life of Salvatore (Bill) Bonanno, son of deposed Commission member Joe Bonanno.

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| May 17, 1966: | Joe Bonanno surrendered in Federal court at New York City after having allegedly been kidnaped on October 21, 1964, the day he had been scheduled to testify before a Federal grand jury sitting in the SDNY. He was immediately arraigned on a 1-count indictment charging him with Obstruction of Justice (OOJ) inasmuch as he had failed to appear on the day ordered. |
| September 22, 1966: | New York City authorities arrested 13 major LCN leaders at a "Little Apalachin" gathering in the La Stella Restaurant, Queens, New York. Among those taken into custody were Commission members Carlo Gambino and Joe Colombo; Thomas Eboli, acting boss of the Vito Genovese Family; and Santo Trafficante, Jr., boss of the Tampa Family. |
| March 23, 1967: | Frank Balistrieri, boss of the Milwaukee Family, was convicted of violating the Federal income tax laws. |
| May 9, 1967: | Sam Battaglia, acting boss of the Chicago Family, was convicted of violating the Anti-Racketeering Act and subsequently sentenced to 15 years in prison. He was succeeded by John Philip Carone. |
| July 13, 1967: | Thomas Luchese, Commission member from New York City, died of natural causes. He was succeeded eventually by Carmine Tramunti. |
| August 4, 1967: | Frank Desimone, boss of the Los Angeles Family, died of natural causes. He was succeeded by Nicolo Licata. |
| March 4, 1968: | Peter Crociata, underboss in what was formerly known as the Bonanno Family, was shot and seriously wounded but eventually recovered. |
| March 8, 1968: | Raymond Patriarca, boss of the New England Family, was convicted of violating the ITAR Statute and subsequently was sentenced to 5 years in prison. |

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| May 27, 1968: | Carlo Caputo, boss of the Madison, Wisconsin, Family, was convicted on Federal charges of income tax evasion. He was subsequently sentenced to 30 days in jail and 23 months' probation. |
| May 29, 1968: | The "Truth in Lending Bill" was signed into law, banning extortionate credit transactions and giving the FBI its first major jurisdiction in the hoodlum loan-sharking field. |
| June 19, 1968: | The Omnibus Crime Control and Safe Streets Act of 1968, providing for the use of court-approved electronic surveillance in certain types of cases, was signed into law. |
| August 8, 1968: | Carlos Marcello, boss of the New Orleans Family, was convicted of attempting to assault an FBI Agent and subsequently sentenced to 2 years in prison. |
| September 14, 1968: | Attendance of various warring factions at a reception given by Paul Sciacca, recently appointed head of the old Bonanno Family, was indicative of efforts being made to solve the blood feud and power struggle dating back to Joe Bonanno's expulsion from the Commission in 1964. |
| November 26, 1968: | Steve Magaddino, Commission member from Buffalo, New York, and 8 underlings were arrested by FBI Agents for interstate gambling activities extending into portions of Canada. |
| February 14, 1969: | Vito Genovese, Commission member from New York City, died of natural causes while incarcerated at the Medical Center for Federal Prisoners, Springfield, Missouri. |
| April 23, 1969: | President Nixon sent a message to Congress proposing a campaign against the members of organized crime Families in the United States. |
| July 9, 1969: | Nicolo Licata, boss of the Los Angeles Family, was convicted on Federal contempt charges and imprisoned until September 20, 1970. |
| July 9, 1969: | A group of dissident members of the Buffalo Family met at the farm of Frank Valenti, |

near Henrietta, New York, and voted to form a rump organization until such time as the National Commission agreed to oust Steve Magaddino as the head of the Family. Allegedly responsible for the upheaval was a FBI raid of Magaddino's gambling operation the preceding November, leading to the confiscation of $500,000 at a time when Magaddino claimed to be suffering from a severe shortage of funds. Named to head the new group was Salvatore Pieri.

September 18, 1969: Frank Mari, heir apparent to Sciacca, boss of the Bonanno Family, and his bodyguard, Mike Adamo, were last seen alive. Both were reportedly murdered in the continuing dispute as to who would eventually gain control of the Family.

1970 - 1979

January 15, 1970: International bookmaking figure Gilbert Lee Beckley vanished in the New York City area while out on bond from a 1967 Federal gambling conviction. He is alleged to have been murdered.

January 17, 1970: Joseph Francis Civello, boss of the Dallas, Texas, Family, died of natural causes. This Family is no longer active.

May 9, 1970: John Philip Cerone, acting head of the Chicago Family, was convicted on interstate gambling charges. He was subsequently fined $10,000 and sentenced to 5 years in prison.

June 11, 1970: Gaspare DiGregorio, appointed by the Commission to succeed Joe Bonanno following the latter's expulsion and disappearance in 1964, died of natural causes. DiGregorio had served as head of the Bonanno Family from January or February, 1965, until approximately May, 1966.

June 26, 1970: Sylvestro (Sam) Carollo, former boss of the New Orleans Family, died in New Orleans of natural causes.

July 27, 1970: Scarcely 1 month after Miami newspapers reported that a Federal grand jury there had begun probing the alleged interstate

transportation of gambling funds, notorious American hoodlum and gambling figure Meyer Lansky arrived in Israel, indicating his intention of applying for status as an immigrant.

August 20, 1970: Ignazio Denaro, underboss of the Philadelphia Family, died in Los Angeles of natural causes.

August 31, 1970: Raymond Patriarca, LCN boss of New England, was sentenced to 10 years in prison for conspiracy to murder.

September 15, 1970: Frank Milano, former boss of the Cleveland Family, died in Los Angeles of natural causes.

September 25, 1970: Salvatore Pieri, head of the insurgent LCN Family in the Buffalo area, was convicted on Federal charges of bribery and tampering with a juror during his earlier trial for violating the ITSP Statute. He was sentenced to 5 years in prison and was succeeded by Joseph Fino.

October 15, 1970: The Organized Crime Control Act of 1970 was signed into law, giving the FBI jurisdiction over major local gambling operations and hoodlum infiltration of legitimate business. Title IX of the Act is Racketeering Influenced and Corrupt Organizations Statute commonly referred to as the RICO Statute.

October 15, 1970: Carlos Marcello, boss of the New Orleans Family, was imprisoned for 6 months after the Supreme Court denied bail pending further appeals on his conviction for assaulting a Federal officer.

November 7, 1970: Joseph Aiello, underboss of the Madison, Wisconsin, Family, died of natural causes. This Family is no longer active.

January 15, 1971: Samuel Rizzo DeCavalcante, boss of the Elizabeth, New Jersey, Family, was convicted on interstate gambling charges and subsequently fined $10,000 and sentenced to 5 years in prison.

January 25, 1971: Frank Pasqua, a high ranking member of the Gambino Family, pled guilty for failure

to file an income tax return for the year 1962.

March 16, 1971: Angelo Mele, a caporegime with the Gambino Family, and 4 associates were convicted for conspiracy to sell 2 kilos of heroin. Mele was sentenced to 30 years in prison.

April 3, 1971: Joe Valachi, one of the most protected prisoners in the history of the Federal prison system, died of natural causes at La Tuna Federal Penitentiary, El Paso, Texas.

May 12, 1971: Paul Sciacca, the leader of the Bonanno Family, and Michael Casale, a caporegime, were arrested for conspiring to sell and for the sale of heroin. Sciacca was replaced by Natale Evola.

June 28, 1971: Commission member Joseph Colombo was shot and critically wounded during a New York City street rally less than 3 months after being arrested by FBI Agents on Federal gambling charges. He was eventually succeeded by Thomas DiBella.

July 7, 1971: Joseph (Scotty) Spinuzzi, boss of the Colorado Family since the retirement of former boss James Colletti during the latter part of 1969, was convicted on local gambling charges and sentenced to 1 year in prison.

September 17, 1971: James D. Plumeri, a captain in the New York City Family of the late Thomas Luchese, was found strangled to death less than 6 months after his conviction on charges of violating the Welfare and Pension Plans Disclosure Act.

September 25, 1971: Felix (Milwaukee Phil) Alderisio, former high-ranking member of the Chicago Family, died of natural causes while serving a term for extortion in the United States Penitentiary at Marion, Illinois.

October 12, 1971: Alexander D'Alessio, who was identified by Joseph Valachi as a man who controls gambling on Staten Island for Gambino, was arrested in a raid of gambling establishments by FBI Agents.

November 26, 1971: Joseph (Joe Adonis) Doto, former Brooklyn rackets figure, died of natural causes in Italy.

March 22, 1972: Nicholas Camerota, boss of the Genovese Family in Springfield, Massachusetts, died of natural causes.

March 31, 1972: The numbers operation of Gennaro Anguilo ceased due to the jailing of numbers runners for civil contempt. (Anguilo became the New England LCN leader with the imprisonment of Raymond Patriarca.)

April 7, 1972: Joseph Gregory Gallo, head of a dissident faction within the Colombo Family and believed by many to have been behind the attempt on Colombo's life, was shot to death in a New York City restaurant. It had been a slaying that had been planned by Joseph Colombo before Gallo got him first.

April 26, 1972: Anthony Giardano, boss of the St. Louis Family, was convicted along with 2 captains from the Detroit Family and the Emprise Corporation, which has been described in the press as the country's largest sports concessionaire, on interstate gambling charges.

May 9, 1972: Illario Zannino and 2 associates--Zannino was the New England underboss--were ordered to begin serving sentences for transporting stolen jewelry in interstate commerce. Also convicted with Zannino in November, 1970, was former underboss, Peter Limone. Both Zannino and Limone got terms of 7 years' but Limone was already in prison, having been sentenced to death for a gangland murder in 1965.

June 5, 1972: Dominic Chirico, who was a close associate of Frank Valenti, was killed by individuals associated with the group which was dissatisfied with Valenti. Valenti appointed himself as boss of the Rochester LCN when Rochester became a separate operation from Buffalo. Valenti developed a reputation as very greedy and other LCN members became upset with Valenti because they did not feel that they were receiving their fair share of the proceeds from the Rochester mob. After the killing, Valenti was told to step aside, which he did on

June 6, 1972. Samuel "Red" Russotti was appointed the boss.

July 16, 1972: Thomas (Tommy Ryan) Eboli, acting boss of the former Genovese Family, was shot to death on a Brooklyn sidewalk at approximately 1 a.m. Eboli, who had been in a contest for control with Gerado Catena and was presumed to have prevailed, was succeeded by Frank Tieri.

July 9, 1972: Twelve members and associates of the Licata Family--it was named for Nicolo Licata (Los Angeles) who died in 1973--were indicted in the investigation of a shakedown ring whose victims were bookmakers, loansharks, and pimps. Among those named were Dominic Bruccleri (aka Dominic Brooklier), the underboss; Sam Sciortino, a caporegime; and Peter Milano, a caporegime.

August 11, 1972: An unidentified gunman shot 4 men to death at the Neapolitan Noodle, a Manhattan restaurant. The victims were wholesale meat dealers, having been mistaken apparently for Alphonse Persico, Jerry Langella, and other members of the Colombo Family faction, who were dining at the restaurant the same time.

August 25, 1972: Louis Donald Shoulders, notorious St. Louis hoodlum figure, was killed when a bomb exploded in his auto during the early morning hours.

October 11, 1972: Paul DeLucia, former boss of the Chicago Family, died of natural causes.

October 16, 1972: Approximately 1,200 police officers in New York City and surrounding counties--based partly upon information obtained from the FBI--commenced serving subpoenas on 677 LCN members and associates in what was described as a "massive probe of mob dealings in narcotics, prostitution, and extortion."

November 5, 1972: Meyer Lansky, American hoodlum and gambling figure, departed Israel after the Israeli Supreme Court denied his appeal for the continuance of his tourist visa or his application for immigrant status (previously rejected in September, 1971, by

the Minister of the Interior). Although Lansky's airplane traveled through Switzerland, Africa, and several countries in South and Central America, he was unable to gain entry to any other country and was arrested by FBI Agents at the Miami airport, November 7, 1972, on contempt of Federal grand jury charges.

November 13, 1972: Joseph Yacovelli, Carmine Persico, Carmine DiBiase, and Joseph Russo, of the Colombo Family, were indicted for their efforts to enable Russo to avoid prosecution for murder. (Mistrial was declared in the case against Persico and Russo on September 25, 1973, due to prejudicial publicity relating to Persico's background.)

December 7, 1972: 19 grand jury indictments were announced by the Manhattan District Attorney, Frank Hogan. The principal subject was Vincent Rizzo, a caporegime in the Genovese Family, who had been tailed for 2 years by detectives in Hogan's office. (In February, 1973, the Federal Strike Force entered the investigation of Rizzo and his associates, as it began to assume worldwide proportions.) Eventually uncovered was a complex smuggling operation throughout Latin America, a number of incidents of loansharking and extortion, and a scheme to sell counterfeit airline tickets. Rizzo was convicted and sentenced to 20 years in prison.

January 4, 1973: Frank Valenti, the criminal leader in Rochester until he was deposed, was sentenced to 20 years' for his conviction on multiple counts of extortion.

February 5, 1973: Henry Robert Sentner pled guilty to 7 counts of an indictment arising out of the alleged kidnaping and murder of Emanuel Gambino, nephew of Carlo Gambino. Sentner pled guilty to manslaughter June 1, 1973, and was sentenced to 15 years'.

February 6, 1973: Richard J. Todaro, an influential member of the Magaddino Family, was indicted on charges of running an illegal gambling business. Todaro also was charged with destruction of property to avoid seizure when he set fire to his records during an FBI search of his residence in March, 1972.

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| February 18, 1973: | Frank Costello, former Commission member from New York, died of natural causes. |
| August 3, 1973: | Frank Brancato, alleged underboss of the Cleveland Family, was convicted on Federal gambling charges. Subsequently, he died of natural causes on December 17, 1973. |
| August 28, 1973: | Natale Evola, boss of the Bonanno Family, died of natural causes. He was replaced by Philip Rastelli. |
| August 29, 1973: | Sam Battaglia, former acting boss of the Chicago Family, was released from prison with a terminal illness. He died September 7, 1973. |
| September 12, 1973: | Philip Testa, underboss of the Philadelphia Family, was convicted of contempt for refusing to testify before a Federal grand jury under a grant of immunity and was incarcerated until January 10, 1975. |
| October 25, 1973: | Carmine Tramunti, boss of the Luchese Family, was convicted on Federal perjury charges and sentenced to 5 years in prison. |
| December 22, 1973: | Vincent Aloi, former head of the Colombo Family, and John Dioguardi, notorious labor racketeer, was convicted of conspiring to defraud in a major stock-swindle case. Dioguardi received a 10-year prison term, and Aloi was sentenced to 9 years'. |
| January 23, 1974: | Alphonse Persico, Colombo Family consiglieri, was sentenced to 2 months for contempt (although granted immunity, he refused to testify in a grand jury investigation of racketeering influence in legitimate business). |
| January 24, 1974: | Carmine (Lilo) Galante, a close associate of former Commission member Joe Bonanno, was released from prison after serving 12 years on Federal narcotics charges and returned to New York City with avowed intention of gaining control of the Bonanno Family. |
| April 23, 1974: | Michael Genovese, reported to be "second in command" of the Pittsburgh LCN Family, was ordered to jail for contempt after |

refusing to answer questions before a Federal grand jury.

May 8, 1974: John V. Camilleri, a caporegime, was shot to death in what was seen as an outbreak of hostilities between rival factions of the Magaddino Family--1 led by Salvatore Pieri, the other by Joseph Fino.

July 19, 1974: Stefano Magaddino, Commission member from Buffalo, New York, died of natural causes. He was succeeded after considerable debate by Sam Frangiamore, a ranking member of the dissident group, in hopes of restoring peace to the Buffalo Family.

July 18, 1974: Sam Giancana was deported by the Mexican Government and forced to return to Chicago.

August 22, 1974: Frank Zito, boss of the Springfield, Illinois, Family, died of natural causes.

October 9, 1974: A body, believed to be that of Dominick Scialo, a Colombo Family caporegime, was discovered buried in the basement of a Brooklyn social club.

October 19, 1974: Nicolo Licata, boss of the Los Angeles Family, died of natural causes. He was succeeded by Dominic Brooklier.

December 26, 1974: Raymond Patriarca, the LCN boss of New England, was granted parole having served 5 years' of a 10-year sentence for conspiracy to murder 2 Providence bookmakers, Rudolph Marfeo and Anthony Malei.

March 17, 1975: Richard Callei, a high-ranking LCN figure in the New England LCN Family, was reportedly killed. Callei's body was found (he had been shot, knifed, and beaten with a blunt instrument) in Rehoboth, Massachusetts.

April 9, 1975: Dominic Brooklier, boss; Sam Sciortino, underboss; and Peter Milano, a captain of the Los Angeles Family were all convicted of violating the RICO Statute by extorting money from local bookmakers and businessmen. Sentences ranged from 15 months to 4 years'.

May 14, 1975: Nick Civella, boss of the Kansas City

Family, was convicted of violating Federal gambling statutes with 3 associates.

June 19, 1975: Sam Giancana, former Commission member, was found shot to death in his Oak Park, Illinois, residence.

July 1, 1975: Paul Castellano, the underboss of the Gambino Family, and 8 associates were charged with "forming an enterprise that was designed to operate by collecting debts that had resulted from usurious loans." A directed acquittal was ordered on November 16, 1976, following the refusal of the principal witness to testify in the trial.

July 10, 1975: Nicholas Civella, boss of the Kansas City Family, his nephew Anthony Civella, and 2 associates, were sentenced to 42 months in prison following their convictions for conspiring to run an interstate bookmaking business. Two other co-defendants each received terms of 2 years' and 90 days. Subsequent to sentencing, Nicholas Civella was diagnosed as having cancer and underwent surgery. In April, 1977, he moved for a reduction of sentence to probation, or that he be allowed to serve time at home, because of ill health. The Government argued that prison medical facilities were adequate to treat him, and he was resentenced on July 26, 1977, to 3 years'. Civella was paroled on June 14, 1978, having served 10 months. According to Government informant sources, he ordered that all pending murder contracts be acted on before his release, to offset the public outcry over his parole. On May 2, 1978, Myron Mancuso was found shot to death, having attended a meeting earlier that day with Carl Civella, Nicholas Civella's brother, and Anthony Cardarella, a reputed hitman. On May 4, 1978, Michael Massy, a former associate of Cardarella, was found shot to death. And on May 16, 1978, 3 members of the rival Spero faction, Mike, Carl, and Joe Spero, were gunned down in a bar, killing Mike Spero and wounding his brothers.

July 28, 1975: James Colletti, former boss of the Colorado Family, died of natural causes.

July 30, 1975: Former Teamsters President, James R. Hoffa, disappeared. His body has never been found, nor has the case been solved. It is the consensus of people close to the investigation that Hoffa was murdered as a result of his efforts to regain the Teamsters' presidency and his verbal threats about disclosing the LCN control of the Teamsters if, in fact, he did not regain the Teamsters' presidency.

September 6, 1975: Joseph Spinuzzi, boss of the Colorado Family, died of natural causes.

October 15, 1975: Carlo Gambino died of natural causes. Before his death he instituted a major regrouping program; replenishment of manpower and the consolidation of forces were entailed. The family membership roles were opened in 1973, for first time in 16 years--they had been closed to prevent Government infiltration--and Sicilian aliens were being smuggled in by the hundreds via Canada, to work in pizza parlors and be available for underworld dirty work. He was succeeded by his son-in-law Paul Castellano.

November 18, 1975: Mario Pannicioli, a Gambino associate, was murdered while he was on his way to court to stand trial for a gangland murder. Pannicioli was also under investigation in a million-dollar bank swindle.

November 20, 1975: John Nardi, a ranking LCN leader in Ohio, was arrested as a result of an indictment returned in the Southern District of Florida. Nardi, Secretary-Treasurer of Teamsters Local 410, was a member of Teamsters Joint Council 41, of which William Presser was President.

November 23, 1975: Jimmy "The Hammer" Massaro was killed. After an investigation was conducted by the Monroe County Sheriff's Office, Red Russotti, Rene Piccaretto, Sam Gingello, Dick Marino, Tom Marotta, and Eugene Di Francesco, were convicted of Massaro's murder, and all received sentences of 25 years' on January 1, 1977. Thomas Didio was placed in charge of the Rochester LCN.

January 2, 1976: Antonio Caponigro, the consigliere of the Bruno Family in Philadelphia, pled guilty

to assaulting a Federal officer. Caponigro had been successfully avoiding the service of a subpoena by the New Jersey Commission on Investigation "by residing in Manhattan and returning to his New Jersey home only sporadically and clandestinely." On December 31, 1974, in an effort to avoid what he believed was a process server, Caponigro rammed the car of an FBI Agent, who was blocking his driveway. He was sentenced to 30 months in prison.

January 23, 1976: Frank Cucchiara is a founding member of the New England LCN organization and was once an associate of Lucky Luciano and Vito Genovese. Frank Cucchiara and his wife were found shot to death at their home in Belmont, Massachusetts. Police theorized that Cucchiara, 79, killed his wife and then committed suicide.

February 12, 1976: Joseph Barboza, who had been a Government witness, was shotgunned to death in San Francisco. Barboza's testimony had led to the conviction of Raymond Patriarca for conspiracy to commit murder.

February 20, 1976: A plea by Carmine Persico, boss of the Colombo Family, for reduction of his 14-year sentence for hijacking was denied.

March 13, 1976: Illario Zannino, the New England Family underboss, returned to prison. Zannino, serving 7 years' for fencing stolen diamonds, had been released by a Federal judge on Zannino's claim that he had been denied parole "because he had been improperly labeled as a member of organized crime."

March 19, 1976: Lawrence Paladino, the godson of Frank "Funzie" Tieri, was indicted for tax evasion. Paladino, who allegedly was in the shylock business with Matthew Ianiello, had been indicted for extortion and bribery in 1975. With the death of Tieri, who would be succeeded by Anthony Salerno, Ianiello would become the underboss of the Genovese Family.

March 31, 1976: Francesco Scibelli, long an LCN leader in western Massachusetts, was convicted with 8 associates for operating an illegal gambling business.

April 20, 1976: Louis Rucci, a relative by marriage of Carlo Gambino and a ranking member of the Gambino Family, was sentenced to 3 months for criminal contempt after refusing to testify before a grand jury investigating loansharking.

April 21, 1976: Joseph Colombo and 30 additional defendants were indicted and charged with illegal gambling. Evidence obtained by court-ordered electronic surveillance indicated Colombo supervised large-scale gambling operations.

April 23, 1976: Philip Rastelli, the Bonanno Family boss, was convicted of an antitrust violation and extortion, arising out of his efforts to create a monopoly in the mobile commissary business. Rastelli was sentenced on August 27, 1976, to 1 year on the antitrust count and to 3 concurrent 10-year terms on 3 counts of extortion.

May 28, 1976: Frank Diecidue, the Tampa Family underboss, was indicted with several associates and charged with conspiracy and multiple counts relating to their participation in a RICO. Diecidue was convicted on November 16, 1976, along with 4 members of the Tampa gang.

June 23, 1976: Richard Marino, a caporegime in the Rochester Family, was convicted of the murder in 1973 of Vincenzo Massaro. On November 10, 1976, 5 other Rochester crime figures, including Salvatore Russotti, the boss, and Rene Piccarreto, the consigliere, were also convicted in the slaying of Massaro.

September 2, 1976: Leo Moceri was the organized crime boss in Akron and reportedly the number-2 man in northern Ohio to James Licavoli, who had succeeded John Scalish. Scalish died of natural causes in 1976. Moceri was reported missing and presumed dead after his damaged and bloodstained automobile was discovered in a motel parking lot in a suburb of Akron.

September 5, 1976: John Cutrone, a Gallo loyalist who defected after the death of Joseph Gallo and formed an independent gang, was machinegunned to death in a luncheonette in Brooklyn, New York.

May 17, 1977: John Nardi, one of the leaders of the anti-Licavoli faction in Cleveland, was killed by the remote control detonation of a bomb that had been placed in an automobile parked next to Nardi's.

June 13, 1977: Vincent Napoli, a principal family associate of the Gambino Family, was one of 5 indicted for importing and distributing quantities of heroin. Napoli, the leader of the ring, was convicted on November 14, 1977, and was sentenced on December 20, 1977, to 10 years in prison.

April 14, 1977: Anthony Palimeri, aka Tony Grande, a long-time labor racketeer who grew up with Carlo Gambino and was a caporegime in the Gambino Family, pled guilty to extortion. Specifically, Palimeri was collecting protection money from home builders in New York and New Jersey and funneling the receipts through his plumbing company. He was sentenced to 3 years in prison on June 16, 1977.

October 6, 1977: Daniel Patrick Greene was killed by an explosive device detonated as he entered his car on a Cleveland street. His death culminated an organized crime feud that had started in 1975. The battle was over the control of the Cleveland LCN Family's activities in northeast Ohio. It was brought about by the sudden and unexpected death of the former LCN boss John Scalish, and the succession to the throne by James T. Licavoli. A refusal of the Greene group to accept this change in power led to this war. As a result of investigations that followed, James T. Licavoli, the head of the Cleveland Family; James T. Fratianno, and others were indicted for murder.

November 19, 1977: Joseph Zerilli, the boss of the Detroit LCN, died of natural causes and was succeeded by Jack Tocco.

January 6, 1978: Eight leading crime figures were indicted as the result of a grand jury investigation of the bombing deaths of John Nardi on May 17, 1977, and Daniel Greene on October 6, 1977. These included James Licavoli, the boss of the Cleveland Family; Angelo Lonardo, underboss; John Calandra,

Ronald Carabbia, Pasquale Cisternino, Thomas Sinito, Alfred Calabrese, and Aladena Fratianno, aka Jimmy Fratianno. On August 25, 1978, 2 other LCN associates, Thomas Lanci and Kenneth Ciarcia, were found guilty of aggravated murder charges in the death of Greene. On January 15, 1979, Raymond Ferritto, a recognized hit man, testified that he stalked Greene for several months in an effort to determine the best way to do away with him. As part of a negotiated plea agreement, Ferritto received a 5-year sentence. Ferritto's cooperation led to the indictment of Licavoli and others, including Fratianno. As a direct result of his implication in the Greene war of Cleveland, James Fratianno turned himself over to the FBI and became a protected witness. Fratianno later came to testify in Federal cases throughout the country. On July 30, 1982, Licavoli was sentenced to 17 years' for the killing of Greene.

February 28, 1978: The 5 top LCN leaders in Los Angeles were indicted on charges including RICO violations, extortion, and obstruction of a criminal investigation. The defendants were Dominic Brooklier, boss; Sammuel Sciortino, underboss; Louis Tom Dragna, influential member; and Jack LoCiero, consigliere.

May 1, 1978: Joseph Napolitan, an LCN member from the New England Family, was convicted of conspiring to distribute $3.3 million in counterfeit $100 bills. Napolitan's defense was based on his claim to have been an FBI informant. On September 6, 1978, Napolitan and an associate were found murdered in New York.

June 12, 1978: Salvatore Bonanno and Joseph Bonanno, Jr. had their paroles revoked for reporting their incomes inaccurately, and were sentenced to 30 months and 34 months, respectively. Both Bonanno brothers had been convicted of extortion in 1972.

June 14, 1978: Anthony Provenzano, a caporegime and Secretary-Treasurer of Teamsters Local 560, and Harold Konigsberg, a contract killer with Genovese credentials, were convicted of the murder of Anthony Castellito, a

union rival of Provenzano. Provenzano and Konigsberg each were sentenced on June 21, 1978, for 25 years' to life imprisonment.

June 16, 1978: William Cammisano and his brother, Joseph, who were members of the Kansas City LCN and reputed enforcers for Civella, were indicted for "conspiracy to extort the property of Fred Bonadonna." Bonadonna was the owner of a bar in the River Quay area, and Joseph Cammisano in the mid-1970s was interested in opening establishments featuring adult entertainment there. Fred Bonadonna, despite threats by the Cammisanos, opposed the plan and with the support of his father David, once a criminal associate of William Cammisano, decided to continue his opposition to the plan. On July 22, 1976, David Bonadonna was found shot to death in the trunk of his car. Fred Bonadonna, in March, 1977, entered the Government program for protected witnesses and was scheduled to testify against the Cammisanos. On October 23, 1978, the day the trial was to begin, the Cammisanos entered into plea agreements, and they were sentenced on November 22, 1978. William was sentenced to 5 years' imprisonment and Joseph to 18 months'.

August 5, 1978: Anthony Milano, the 90-year-old consigliere of the Cleveland Family, died of natural causes.

August 8, 1978: Russell Bufalino, LCN boss from Pittson, was convicted in U.S. District Court, SDNY on charges of extortion.

November 8, 1978: Joseph Volpe, who worked as a handyman for Anthony Accardo, was reported missing and presumed murdered. Volpe, like Accardo, had been questioned by a grand jury investigating the torture and murder of 6 known burglars, occurring within 4 weeks of a breaking and entering of Accardo's home. The burglary had been discovered by Volpe. As the investigation progressed, it became apparent that proof of a burglary at the Accardo home was substantial proof of a motive for the 6 murders. At a hearing on November 16, 1978, Accardo sought the return of property seized in a search of his home for evidence in the disappearance

of Volpe. (In addition to 2 .38 caliber handguns and $275,000 in $100 and $50 bills located in a hidden vault in the basement, remnants of eyeglasses similar to those worn by Volpe were found by the FBI in an incinerator.) Accardo's plea for return of the property was denied, as the court ruled that the affidavit for the search warrant was sufficient and the items were properly seized, even though they were not covered by the warrant.

November 20, 1978: Salvatore Piere, the boss of the Buffalo Family, pled guilty to illegal gambling charges.

January 17, 1979 Anthony Scotto, (son-in-law of Albert Anastasia, Murder Inc.) a caporegime of the Gambino LCN Family, was indicted on charges of taking $200,000 in a pattern of illegal payoffs. Scotto, the President of Brooklyn ILA Local 1814 and the General Organizer of the ILA, was one of the most influential labor leaders in New York State.

April 14, 1979: Giovanno Priziola, 84, a former consigliere with the Detroit LCN, died of natural causes.

April 26, 1979: Anthony Russo, a ranking Genovese loyalist who had been a chauffeur and bodyguard for Genovese and was the gang leader in Monmouth County, New Jersey, where Genovese had lived was found shot to death in Long Branch, New Jersey. Russo had been the subject of FBI surveillance which revealed details of hidden casino ownership and skimming in Las Vegas.

July 12, 1979: Carmine Galante, the boss of the Bonanno Family, was gunned down as he ate lunch at Joe and Mary's Restaurant in Brooklyn, New York.

November 15, 1979: Raffaele Quasarano and Peter Vitale, members of a council of 6 that supposedly ruled LCN activities in Detroit, were indicted for RICO, racketeering, extortion, mail fraud, and tax fraud. The charges were related to the takeover in 1972 of a cheese company in Wisconsin. Both Quasarano and Vitale were involved in events surrounding the disappearance of James Hoffa. (It was speculated they were

involved because they owned a sanitation company, which reportedly had been used to dispose of LCN murder victims.)

1980 - 1987

March 21, 1980: Angelo Bruno, the boss of the Philadelphia Family, was killed by a shotgun blast. Some believe Bruno was killed because of his reluctance to share Atlantic City. The murder set off a series of 15 gangland-style killings as family members and associates fought among themselves. Philip Charles Testa assumed control of the family.

January 20, 1981: As a result of Jimmy Fratianno's testimony, Dominic Brooklier was sentenced to 4 years'; Sammuel Scoirtino, 4 years'; Louis Tom Dragna, 2 years'; Michael Rizzitello, 5 years'; and Jack LoCicero, 2 years'. They had been convicted of racketeering charges, which included the murder of Frank Bompensiero.

January 23, 1981: Frank "Funzie" Tieri, boss of the Genovese Family, was convicted of operating a criminal group through a pattern of racketeering, which included murder and extortion. He was the first boss convicted.

March 1, 1981: Salvatore Catalano, a Sicilian, stepped down as boss of the Bonnano Family. Sources indicated that Catalano felt he was unable to communicate with members of the Bonnano Family as well as outsiders because of language problems.

March 15, 1981: The new Philadelphia LCN boss, Philip Charles Testa, was murdered by a powerful bomb blast as he attempted to enter the front door of his residence. Testa was succeeded by Nicodemo Dominic Scarfo.

January 28, 1982: Attorney General Smith gave the FBI concurrent jurisdiction in matters involving the Controlled Substances Act.

February 26, 1982: Chicago organized crime figure Frank Renella was sentenced to 7 years''

imprisonment for violation of the ECT, Hobbs Act-Extortion, and bail-jumping statutes. This investigation received considerable public interest due to the gangland slaying of local businessman Nick Velentzas. Velentzas had been threatened by Renella and his associates on numerous occasions regarding loansharking and protection payments for his small business.

July 20, 1982: Cleveland LCN boss James Licavoli was sentenced to 17 years in prison for RICO, gambling, murder, and conspiracy charges in U.S. District Court, Cleveland, Ohio.

August 17, 1982: In U.S. District Court in Camden, New Jersey, Nicodemo Scarfo's bail was revoked on a prior conviction for possession of firearms by a convicted felon. Scarfo was immediately remanded to prison. While incarcerated, he maintained control of the Philadelphia LCN Family through Salvatore Merlino, underboss, and Nicholas Piccolo, the consigliere.

September 11, 1982: After a wave of murders and bombings of police officers, investigating magistrates, and judges in Sicily and other parts of Italy, the legislature of the Central Government of Italy enacted the Anti-Mafia Law. This law has had a significant impact on Sicilian Mafia heroin traffickers. One of the main features of the Anti-Mafia Law is that association with known Mafia types is illegal, whether or not a crime is committed. It is the basis of this action that led to the worldwide arrest in 1984 of over 460 members and associates of the Sicilian Mafia. The trial of these defendants, called the "Maxi-trial," began in February, 1986, in Palermo, Sicily. The "Maxi-trial" is called the most intense crackdown of the Sicilian Mafia since the "Mori Operation" was instituted in the 1920s by Mussolini. (Between 1922 and 1929, at least 500 Sicilian Mafiosi fled to the United States. The fugitives included Joseph Bonanno, Mike Cappola, Stefano Maggadino, Joe Magliocco, Salvatore Moranzano, and Joseph Profaci. These men would become the nucleus of LCN leadership in the United States.)

October 14, 1982: Formation of Organized Crime Drug Enforcement Task Force (OCDETF) Program .

December 6, 1982: The 3 top members of the Denver LCN Family, boss Eugene Smaldone, underboss Clarence Smaldone, and consigliere Paul Villano, were convicted for extortionate credit transactions, tax evasion, and conspiracy following a lengthy investigation by the Denver Division. They are all currently serving 10-year sentences.

December 15, 1982: Allen M. Dorfman, a well-known Chicago insurance executive with ties to the International Brotherhood of Teamsters (IBT) Union and LCN members, was convicted in U.S. District Court, Chicago, Illinois. The trial of Dorfman, IBT President Roy L. Williams, LCN capo Joseph Lombardo, IBT Trustee Thomas O'Malley, and former IBT Trustee Amos Massa concluded with all 5 being found guilty on all counts of the charges of attempting to bribe Nevada Senator Howard Cannon to influence favorable action regarding trucking industry deregulation.

October 26, 1983 Angelo Lonardo, underboss of the Cleveland LCN Family, facing a life plus a 103-year sentence, began supplying the FBI with vital information concerning the LCN. Lonardo, the highest ranking member ever to defect, was instrumental in later court cases involving the LCN. On March 10, 1987, U.S. District Court Judge John Mandos reduced Lonardo's sentence to time served and 5 years' probation.

February 7, 1984: The entire hierarchy of the Kansas City LCN was indicted by a special Federal grand jury in Kansas City, Missouri. The RICO indictment used 4 predicate violations: the 1978 conspiracy to murder Carl Spero; LCN hidden interest in skimming from the Argent corporation; LCN hidden interest in skimming from the Tropicana casino; and the LCN skimming of the Kansas City bingo business. On September 4, 1984, subsequent to guilty pleas, Carl Civella received a 10- to 30-year sentence with a fine and Anthony Civella was sentenced to 5 years' and a fine.

April 9, 1984: Milwaukee LCN boss Frank Balistrieri and his 2 attorney sons, Joseph and John, were convicted of a Hobbs Act-Extortion

violation. This case involved the life-threatening extortion of an FBI undercover Agent by Balistrieri. The Special Agent was introduced to Balistrieri as a vending-machine representative of the Bonanno LCN Family members Lefty Ruggiero and Mike Sabella. The extortion was the Balistrieri's response to the undercover Agent's attempts to intrude into the Milwaukee vending-machine business without prior Balistrieri approval. On May 29, 1984, Frank Balistrieri was sentenced to 13 years' and on July 30, 1984, Joseph and John Balistrieri each received 8-year prison sentences and fines.

June, 1984: Italy and the United States had the first meeting of the Italian-U.S. Working Group on Drug Interdiction.

July 2, 1984: The U.S. Supreme Court cleared the way for state officials to take an active role in policing labor union leadership, ruling 4 to 3 that labor leaders can be required by law to be of good moral character.

July 11, 1984: Raymond L. S. Patriarca, boss of the New England LCN Family, died of natural causes.

July 18, 1984: Dominic Brooklier, boss of the Los Angeles Family, died in jail of natural causes while serving a 5-year sentence on racketeering charges. He was succeeded by Peter John Milano. Milano, who at present continues as boss of the family, has reorganized the structure and has increased the family activities in the Los Angeles area.

September 18, 1984: Anthony Corallo, boss of the Luchese Family, was among 21 persons and 16 organizations indicted for conspiring to dominate the private garbage collection business on Long Island. It also charged that disputes among the conspirators were settled by Corallo and Paul Castellano, boss of the Gambino Family, and that Corallo and Castellano split quarterly payments of over $50,000 from the companies.

December 5/7, 1984: Rosario Gambino, Erasmo Gambino, Anthony Spatola, and Antonio Gambino, alleged

soldiers of the Gambino Family, were sentenced to combined time of 143 years' imprisonment and $300,000 in fines for drug charges.

February 25, 1985: A Federal grand jury meeting in the SDNY indicted the top leadership of the 5 New York LCN Families under the RICO Statute for operating a criminal enterprise known as the LCN Commission. This RICO indictment was made up of predicate acts of Hobbs Act-Extortion, murder, and labor racketeering. The following individuals were indicted: Anthony Salerno-boss-Genovese Family; Paul Castellano-boss-Gambino Family; Aniello Dellacroce-underboss-Gambino Family; Gennaro Langella-acting boss-Colombo Family; Anthony Corallo-boss-Luchese Family; Salvatore Santoro-underboss-Luchese Family; Christopher Furnari-consigliere-Luchese Family; Philip Rastelli-boss-Bonanno Family.

June 25, 1985: Colombo LCN Family boss Carmine "Junior" Persico was charged with extortion and murder, respectively in the Commission case.

November 12, 1985: Anthony Indelicato, Bonanno LCN member, was indicted in a superseding indictment (Commission case) charging him with the murders of Carmine Galante, Leonard Coppolla, and Guiseppe Turano.

November 23, 1985: James T. Licavoli, Cleveland boss, at the age of 81 died of a heart attack at Oxford Federal Correctional Institution, Oxford, Wisconsin.

December 2, 1985: Aniello Dellacroce, Gambino Family underboss, died of natural causes.

December 16, 1985: Paul Castellano, boss of the Gambino LCN Family, was killed in a mob hit on a New York City street. Only a few weeks after the slaying, John Gotti was installed as the new boss of the Gambino Family.

December 19, 1985: Michael Franzese, a Colombo Family member, was indicted for RICO violations involving his scheme of selling gasoline to retailers while failing to pay Federal, state, and local taxes.

January 21, 1986: In U.S. District Court, Kansas City, Missouri, guilty verdicts were returned against Chicago LCN members Joseph Aiuppa, boss; John Cerone, underboss; Angelo LaPierta, capo; and Joseph Lombardo, capo. These verdicts culminated an extensive 5-year FBI investigation directed at a conspiracy among the Chicago, Cleveland, Milwaukee, and Kansas City LCN Families to obtain loans from the Central States Pension Fund (CSPF).

March 20, 1986: A 29-count Federal indictment was returned charging Anthony Salerno, boss of the Genovese LCN Family, and 14 other members with a variety of offenses, including conspiracy, racketeering and extortion.

June 13, 1986: Guilty verdicts were returned against the leadership of the Colombo Family in the SDNY. The defendants were charged with RICO, conspiracy, extortion, and bribery. Following the convictions, the U.S. Attorney's Office filed a Civil RICO complaint against family members. This was the first Civil RICO complaint filed against an LCN family as an enterprise, and the labor unions they influence.

June 23, 1986: The bodies of Michael and Anthony Spilotro were found in a grave in Morocco, Indiana.

June 23, 1986: U.S. District Court Judge Harold A. Ackerman of Newark, New Jersey, named a trustee to operate Teamsters Local 560. The Local had been dominated by the Provenzano faction of the Genovese Family for more than 25 years.

September 25, 1986: Trial began for Gambino boss John Gotti, who was charged with an 18-year series of crimes, including gambling, loan-sharking, armored-car robbery, and homicide. In addition to the above charges, Gotti was named as an unindicted coconspirator in another case.

October 24, 1986: A 51-count indictment was returned in SDNY charging 2 former bosses and 1 current boss

of the Colombo LCN Family, 4 capos, 2 soldiers, and 2 criminal associates with engaging in a criminal enterprise (the Colombo LCN) to obtain money through widespread racketeering activities.

October 31, 1986: Nicodemo Scarfo, boss of the Philadelphia LCN Family, and others were indicted by a New Jersey state grand jury for loansharking, gambling, and extortion violations as well as racketeering.

November 5, 1986: Harry Davidoff, Vice President of IBT Local 851, was found guilty after a jury trial in the Eastern District of New York (EDNY) of RICO-Conspiracy, 2 counts of the Hobbs Act-Extortion, and 2 counts of Hobbs Act-Conspiracy. This investigation was directed at the LCN's control of the air freight industry at JFK International Airport through its influence within the Teamsters Union. On October 10, 1986, during the above trial, Paul Vario (Luchese LCN capo) and Frank Manzo and Pasquale Raucci (Luchese soldiers) pled guilty to RICO-Conspiracy. To date, 9 of the 11 defendants indicted on February 15, 1985 have pled guilty. Salvatore Santoro (Luchese underboss) was severed in that he was a defendant in the "LCN Commission" prosecution under way in New York.

November 18, 1986: Carmine (Junior) Persico, head of the Colombo LCN Family, was sentenced to 39 years' in prison for racketeering. Also sentenced was Colombo underboss Gennaro (Jerry Lang) Langella, who received 65 years', and other Colombo members and associates.

November 24, 1986: Anthony "Fat Tony" Salerno, head of the Genovese LCN Family, and 3 other mob figures were indicted for "exerting influence and control over Jackie Presser's selection as General President for the scandal-plagued 1.7 million member union (IBT) in 1983 and then influencing his decisions and acts to benefit the mob."

December 2, 1986: Gaetano Mazzara's body was found stuffed in a garbage bag and left on a street corner in an industrial section of Brooklyn, New York. Mazzara, owner of a Union, New Jersey pizzaria, was 1 of 20 men on trial



90-305 0 - 88 - 12

on charges of participating in an international drug-smuggling and money-laundering ring. The case became known as the "Pizza Connection" because the ring allegedly used pizza parlors in the Midwest and Northeast as fronts to market more than $3.6 billion in heroin imported over a 10-year period. He was the second known individual believed shot in connection with the trial.

December 23, 1986 — A 61-count indictment was returned in the Eastern District of Pennsylvania charging 19 individuals associated with Roofers Union Local 30 under the RICO Statute with the predicate violations being extortion, embezzlement, and bribery. Judges Esther R. Sylvester, Court of Common Pleas and Mario F. Driggs, Municipal Court, were charged in separate indictments with 1 count each of extortion.

January 13, 1987: — U.S. District Court Judge Richard Queen, SDNY, sentenced the below-listed defendants in the Commission case as follows:

Anthony Salerno, Genovese Family boss, received 100 years' to run consecutively and was fined $240,000 with no parole.

Carmine Persico, Colombo Family boss, was sentenced to 100 years' to run consecutively, and fined $240,000 with no parole.

Gennaro Langella, Colombo Family underboss, was sentenced to 100 years' to run consecutively, and was fined $240,000, with no parole.

Ralph Scopo, Colombo Family soldier, was sentenced to 100 years' to run consecutively, and was fined $240,000 with no parole.

Anthony Corallo, Luchese Family boss, was sentenced to 100 years' to run consecutively, and was fined $240,000 with no parole.

Salvatore Santoro, Luchese Family underboss, was sentenced to 100 years' to run consecutively, and was fined 250,000 with no parole.

Anthony Indelicato, Bonanno Family member, was sentenced to 40 years in prison to run consectively, and fined $50,000 with no parole.

January 15, 1987: Federal Magistrate Edwin E. Naythons ruled that Philadelphia Family boss Nicodemo Scarfo was a public danger and ordered him held without bail pending his trial on charges that he had planned an extortion scheme with a city councilman.

January 16, 1987: Philip Rastelli, boss of the Bonanno Family, was sentenced to 12 years in a Federal prison for directing a massive labor racketeering conspiracy from 1964 to 1985 (IBT Local 814).

January 20, 1987: The U.S. Parole Commission ruled that ailing former Teamsters Union boss Roy L. Williams must serve his full 10-year prison term for conspiring to bribe a U.S. Senator. Williams, aged 71, will be in prison until May 31, 1992.

March 2, 1987: A New York jury returned guilty verdicts against 18 subjects in the much-publicized "Pizza Connection" trial. As a direct result of this investigation, an additional 175 Mafia members and associates in Italy were indicted. The only acquittal in this case was for Vito Badalamenti, the son of Gaetano Badalamenti, who was the former chief of the Sicilian Mafia and known in Italy as the boss of all bosses.

March 12, 1987: Illario Zannino, a high-ranking member of the New England LCN Family, was sentenced to 30 years in prison. Zannino, who apologized for saying that he hoped the jurors would die when they found him guilty, was sentenced to 5 years in prison on each count of running an underground gambling business and to 15 years' for extortion involving Donald Smoot, a gambler who owed him $14,000 for poker losses.

March 13, 1987: Gambino LCN boss, John Gotti, and 5 defendants were acquitted on RICO and conspiracy charges by a U.S. petit jury in New York City.

March 17, 1987: Santo Trafficante Jr., Tampa LCN boss, died of natural causes.

April 22, 1987: U.S. District Court Judge Vincent L. Broderick, SDNY, entered a judgment in the civil matter between the USA and Local 6A and others. His judgement enjoins Gennaro Langella, the Colombo LCN Family (and any persons associated with or members of the Colombo LCN Family), the Commission of the LCN (and any persons associated with or members of the Commission of the LCN), Carmine Persico, Dominic Montemarano, Ralph Scopo, Anthony Salerno, Anthony Corallo, Salvatore Santoro, and Christopher Furnari from: (A) Participating in any way in the affairs of Local 6A, the Cement and Concrete Workers Union or any other labor organization or employee benefit plan as defined in Title 29 of the U.S. Code; (B) Having and dealing with any officer, auditor, or employee of Local 6A or any other labor organization or employee plan about any matter which relates, directly or indirectly, to the affairs of the labor organization and (C) Participating in any way or profiting from any concrete construction business in SDNY or elsewhere.

May 19, 1987: Mildred Carmella Russo, a clerk in U.S. District Court, SDNY, was indicted by a Federal grand jury and charged with OOJ. Investigation revealed that Russo had been furnishing sealed information to Gambino LCN Family members and associates for over 10 years.

May 21, 1987: Peter and Carmen Milano, boss and underboss of the Los Angles Family, were indicted by a Federal grand jury in Los Angeles. The indictment also charged 13 other defendants with conspiring to violate the RICO Statute by being part of a criminal enterprise, LCN, engaged in drug trafficking, OOJ, and extortion.

June 13, 1987: The following members of the Colombo LCN Family were convicted of engaging in a criminal enterprise, the Colombo Family, to obtain profits through labor racketeering: Carmine Persico, boss; Gennaro Langella,

underboss; John Deross and Andrew Russo, capos; and Dominic Cataldo and Alphonse Persico.

August 4, 1987: Philadelphia LCN boss Nicodemo Scarfo and 6 associates pled not guilty to charges of conspiracy and murder in 1 of 3 gangland slayings. The 7 were charged in the July 1985 killing of Frank D'Alfonso.

August 26, 1987: A civil RICO complaint was filed in the EDNY against the Bonanno LCN Family, its top hierarchy, labor union locals, and property controlled by this family. The complaint asked the court to appoint a trustee to manage Bonanno-dominated Teamster Local 814, an called for the forfeiture of 3 properties used for gambling purposes and the divestiture of 3 hotels and a taxi company. It also barred specific Bonanno Family members from engaging in unlawful activities, from making new family members, and from associating with each other for business purposes. This is the first time that the Government had attempted to enjoin the operation of an organized crime family, and, if they are successful, family members will face tough contempt sanctions should they engage in certain of their traditional activities.

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CORRUPTION MATTERS

**GREYLORD**
**OO: CHICAGO**

Greylord is a continuing REI investigation into widespread corruption within the Cook County, Illinois, Circuit Court System. This investigation has been afforded Title III coverage and utilized a Group I undercover operation. It is currently focused on the prosecution of previously identified subjects.

The below chart summarizes the statistics to date.

| | Indictments | Convictions | Acquittals | Pending |
|---|---|---|---|---|
| Judges | 9 | 8 | 1 | |
| Attorneys | 38 | 34 | 1 | 3 |
| Clerks | 2 | 2 | | |
| Police Officers | 7 | 7 | | |
| Deputy Sheriffs | 9 | 8 | 1 deceased | |
| Other | 1 | 1 | | |
| | 66 | 60 | 3 | 3 |

MICHAEL ANTHONY JONES;
et al;
ILLEGAL GAMBLING BUSINESS
OO: MOBILE

This investigation involves a multistate gambling operation which handled approximately $30 million in a 3-year period.

Investigation by Mobile has uncovered a gambling organization comprised of 42 individuals in Birmingham, Atlanta, Jackson and Mobile. Among the subjects are a prominent Birmingham underworld attorney and a U.S. Government engineer who has been conducting his bookmaking operations from his office located in the United States Courthouse Building, Montgomery, Alabama. This investigation was coordinated with local authorities.

All 42 subjects in this matter were indicted by a Federal grand jury, Middle District of Alabama, on July 27, 1987, and arrest warrants were issued on July 28, 1987 charging all subjects with violation of Title 18, United States Code, Sections 371, 1084, 1955 and 2. Subjects were arrested in Atlanta, Jackson, Birmingham and Mobile on July 29, 1987 with the assistance of various Alabama State and county law enforcement agencies. All have been released on bond and are currently pending trial.

MACH-TENN
HOBBS ACT
OO: KNOXVILLE

The Knoxville Division has developed information regarding widespread corruption of law enforcement and public officials in a number of the primarily rural counties which comprise the Knoxville Division. Through a joint investigative agreement between the Property Crimes and Organized Crime Programs, the MACH-TENN investigation was developed to address these allegations. Indictments, arrests and prosecutions stemming from this investigation began in March, 1986, and are still ongoing. To date, a total of 51 people have been arrested and of these, 50 have been convicted. Recoveries have occurred in excess of $2,210,000. Among those prosecuted as a result of this investigation were 2 East Tennessee sheriffs, 3 local judges and at least 2 deputy sheriffs. Charges involved their participation in either drug trafficking activity or gambling operations. Also prosecuted were 6 individuals in the Detroit, Knoxville and Miami Divisions for their involvement in a multistate major drug operation which included the Iron Coffin Motorcycle Club in Michigan and Ohio. Recovered during this investigation were several tractor trailer loads of stolen merchandise valued at several hundred thousand dollars.

The impact of this investigation, not only in the Knoxville Division but in surrounding divisions, has been extremely favorable to the FBI. A number of the individuals who were prosecuted have agreed to cooperate in continuing corruption, drug and property crimes related investigations. Several capable criminal informants and cooperative witnesses have been developed who are currently being used by the Knoxville Division, as well as other divisions, in continuing investigations.

Knoxville believes that the MACH-TENN investigation is an example of how any FBI division, regardless of size, may utilize its Criminal Informant Program to identify a significant criminal problem and utilize experienced Agent personnel with the undercover technique to successfully address that problem, with the result being major impact on both the local and national level. The results of Knoxville's MACH-TENN investigation were the subject of favorable reviews by several national media organizations.

POCO
RICO
OO: SAN JUAN

The POCO investigation was initiated in June, 1980, when the Government of the Commonwealth of Puerto Rico requested FBI assistance in a case in which it appeared that officers of the Police of Puerto Rico (POPR) were involved in the homicide of a witness of a local murder trial. Informants were developed and a series of Title IIIs followed. Investigation revealed that corruption within the ranks of the POPR was pervasive. Hundreds of violations of local and Federal law involving over 400 subjects have been recorded. The criminal activities related to these subjects included murder, kidnaping, narcotics, extortion, bribery and theft.

In March, 1987, POPR Colonel Miguel Rivera, head of the Legal Counsel Division of POPR, was convicted of a Hobbs Act violation in connection with his acceptance of bribes in exchange for protection by POPR of gambling and prostitution operations. In May, 1987, Rivera was sentenced to serve 15 years' for each of the 2 counts, to be served concurrently.

As of August, 1987, 123 persons have been indicted; 6 complaints and 11 informations have been filed; 116 persons have been convicted, approximately $2 million in potential economic loss has been prevented; and approximately $100,000 in property has been recovered. This case has had a tremendous impact on the social and political structure of Puerto Rico. The investigation is continuing.

LABOR MATTERS

"BRILAB"

This extensive organized crime investigation was initiated by the Los Angeles Division of the FBI in approximately January, 1979, as a result of the plea bargain agreement entered into by Joseph Hauser, LCN associate, in connection with a Federal prosecution in the District of Arizona relating to various racketeering offenses in which he had participated, involving wide-ranging insurance fraud schemes perpetrated throughout the United States. As a part of Hauser's plea bargain agreement, he agreed to cooperate fully with the FBI and the Department of Justice in connection with his knowledge of widespread racketeering activities relating to the wholesale bribery of union officials in connection with union life, health, and welfare group insurance programs. The FBI was particularly interested in Hauser's knowledge concerning certain labor unions historically believed to have been infiltrated by organized crime; such as, the Teamsters Union, LIUNA AFL-CIO, and the ILA. After Hauser agreed to cooperate, he revealed to the FBI that he had had a close association with reputed LCN boss Carlos Marcello of New Orleans through his friendship and business relationship with Washington-based lobbyist and "fixer" I. Irving Davidson. The FBI skillfully utilized Hauser's association with these 2 gentlemen to penetrate Marcello's crime organization and investigate and document Marcello's influence at both the parish and state levels in Louisiana, and his contacts and close association with numerous union officials in Louisiana and Illinois.

In addition to utilizing Joseph Hauser as a cooperating witness, along with 2 undercover Agents, extensive electronic surveillance was commenced in Washington in mid-May, 1979, on telephones subscribed to and utilized by I. Irving Davidson. The surveillance of Davidson's telephones lasted through approximately late October, 1979. Electronic surveillance was also instituted on office and residence telephones subscribed to and utilized by Carlos Marcello in Metairie, Louisiana, beginning approximately mid-June, 1979. The electronic surveillance ultimately included microphone coverage of Marcello's office. This surveillance concerning Marcello lasted, with several short interruptions, until approximately February 9, 1980.

Through the utilization of the various investigative techniques described above, the FBI was able to chronicle the efforts made by Marcello, Davidson, and various individuals, including public officials in Louisiana and elsewhere, to carry out a scheme to bribe public officials in return for lucrative public employee insurance programs which had been initially suggested by Hauser. The evidence shows a clear predisposition on the part of Marcello, Davidson, certain public officials, and other subjects, to engage in this bribery scheme in order to enjoy illegal profits. By alleging Fidelity Financial Consultants to be an agency representing the Prudential Life Insurance Company, the FBI provided Marcello, Davidson, and others with an excellent sales pitch by which corrupt politicians could be approached at the direction of Marcello.

Ultimately, the undercover investigation concantrated on the following areas and cities:

1. Kickback (bribery) scheme surrounding Marcello's contacts with parish and state officials--New Orleans, Louisiana;

2. Investigation into possible Federal bribery violations involving officials of the Immigration and Naturalization Service (Mario T. Noto; et al)--Washington, D.C.;

3. Kickback (bribery) scheme involving union, city and state officials--Houston, Texas;

4. Scheme to bribe a Federal judge in PORNEX case (Sciortino; et al)--Los Angeles, California and;

5. Additional spinoff investigations in Oklahoma, Arkansas, Mississippi, and Arizona.

Numerous convictions followed this investigation. Notable among them were Carlos Marcello, LCN boss, New Orleans; Charles Roemor, Director of Administration for the state of Louisiana; Samuel Sciortino, LCN underboss, Los Angeles; Philip Rizzuta, New Orleans LCN associate; Alfred Pilotto, LCN capo, Chicago, as well as John Garrett, Port Commissioner in Houston, Texas and L.G. Moore, the Regional Director of the largest operating engineering union in the United States.

## "LILREX"

Predicated upon reliable source information indicating that some facets of New York's construction industry were controlled by organized crime, the "LILREX" investigation was launched in 1977 as an undercover operation.

Posing as a corrupt labor consultant, working for an undercover front business appropriately named James Rico Consultants, the undercover Agent discovered illegal payoff schemes devised to ensure "labor peace" at several New York construction sites. In fact, the undercover Agent would become the conduit for these payoffs between general contracts and union officials and/or organized crime figures.

As a result of the "LILREX" endeavor, 17 people pleaded guilty to a variety of charges. An additional defendant, Ted Maritas, President of New York's 30,000 member Carpenter's Union, disappeared before the trial.

"LILREX" was a progenitor of investigations geared to identify and eliminate organized crime influence upon the New York Builders and Trade Union.

In addition to Maritas, other union officials involved were Danny Pagano, Genovese LCN Family member and an official of Laborers Local 59; Frank D'Ambroso, Teamster Local 955; George Cooper, Plumbers Local 2; John Palumbo, Electrician's Local 3 and Sal Wanderlingh, Electrician's Local 3. All were fined and sentenced to probation. Six contractors, 3 of whom cooperated in the probe, were fined between $3,000-$10,000 and given suspended sentences.

Vincent DiNapoli, a powerful Genovese LCN Family member, was fined $60,000 and given a five-year jail sentence. Mike La Rosa, long-time member of the Luchese LCN Family received a 1-year sentence and a $25,000 fine. Jack McCarthy, a labor consultant with a history of labor racketeering was sentenced to 3½ years in jail.

In addition, a Suffolk County licensing official and a loan officer for the Small Business Administration were placed on probation and fined for mail fraud violations.

The "LILREX" case led to additional investigation that further uncovered bid-rigging, mail fraud and tax violations within the New York construction industry.

"LIUNA"

Laborers International Union of North America.

Characterized by the President's Commission on Organized Crime as the only successful investigation to date of organized crime's control of the Laborers' union in the United States, the "LIUNA" case impacted tremendously upon the LCN structure in Chicago as well as nationally within the labor union.

David G. Milano was developed as a witness in Chicago in September of 1976, after he and his father argued over Milano's personal life.

Subsequently, David Milano's life was threatened by his father's close associate, Alfred Pilotto, an LCN street boss, of Chicago's south side. Milano entered the Witness Security Program in October of 1976. Information provided by Milano initiated the Chicago Division investigation into embezzlement, kickbacks, and major fraud involving "LIUNA" which not only has resulted in a number of significant convictions, but also continues after 11 years as an ongoing investigation.

Milano's testimony led directly to the conviction of LCN capo Alfred Pilotto, as well as 11 other influential union members and LCN associates. Total sentences exceeded 100 years in prison.

To fully comprehend the impact of this investigation, consider the actions of James Pinchard, son-in-law of Alfred Pilotto and 1 of the 11 convicted.

James Pinchard was the owner/operator of Pinchard and Associates, Inc. (PA). PA was formed solely for the purpose of receiving 10 percent kickbacks from James Norton, President of Consultants and Administrators (CA) for the Laborers' Union contract. (James Norton was also convicted in this case).

Following receipt of the kickbacks, Pinchard purchased resort property in Indiana and Port St. Lucie, Florida, to be utilized by himself and Pilotto. In addition, he converted large sums of money from the kickbacks to cash for subsequent delivery to Pilotto and others. In return Pinchard drew a substantial salary and eventually acquired great wealth.

During the period from September of 1974 to the fall of 1977, Pinchard drew over $420,000 in salary and dividends from the operations of PA, a business whose principal function was to provide telephone services to CA; a service previously provided by 1 receptionist.

This single "LIUNA" investigation will serve as the basis for a civil RICO action.

"PENDORF"

In 1978, an investigation was initiated predicated upon allegations that 5 individuals were attempting to bribe then Senator Howard Cannon, Democrat from Nevada.

In order to scuttle legislation which would have effectively deregulated the trucking industry, the bribery attempt would have provided the former Senator with an exclusive right to purchase certain property owned by the CSPF. The individuals assured Mr. Cannon a specific and attractive sale price for the property which was ideally located in the Las Vegas Country Club.

After extensive electronic surveillances and the cooperation of not less than 6 FBI field offices, an 11-count indictment was returned by a Federal grand jury in Chicago, Illinois, on May 22, 1981.

The indictment charged violations of Federal laws pertaining to conspiracy to bribe a United States Senator, interstate travel in furtherance of the bribery and wire fraud.

The following 5 individuals were named in the indictment:

(1) Allen M. Dorfman, Insurance Executive with Amalgamard Insurance Agency of Chicago, Illinois and former "consultant" to the Teamsters CSPF.

(2) Roy Lee Williams, President of the International Brotherhood of Teamsters.

(3) Joseph Lombardo, Chicago LCN Family capo.

(4) Thomas O'Malley, Employee Trustee of the CSPF.

(5) Andrew G. Massa, Director of Labor Relations for both the Teamsters CSPF and the Health and Welfare Fund.

On December 15, 1982, all 5 individuals were convicted of all 11 counts cited in the original indictment and were with the exception of Allen Dorfman, subsequently sentenced on March 31, 1983.

Allen Dorfman, on January 20, 1983, 2 months prior to sentencing and less than 5 weeks after being convicted was murdered gangland style.

STARQUEST
RICO

The "STARQUEST" investigation was an innovative investigative strategy designed to address the most significant organized crime problem in the United States, the LCN.

Prior investigations had resulted in the incarceration of large numbers of high-level and influential LCN members. These investigations, as yet, had not significantly disrupted the all-pervasive control and influence which the LCN exerted over legitimate business and industries, and within the labor movement.

Therefore, a strategy was formulated and developed to implement an attack upon the LCN Family as a criminal enterprise, utilizing the RICO Statute to prosecute the hierarchy, members, and associates of an LCN Family for all the predicate criminal violations in which they were allegedly involved.

This investigation was historic; as former Attorney General William French Smith stated, "It was one of the few times in the history of law enforcement that the entire top echelon of a major organized crime family has been charged in a single Federal indictment."

In November, 1984, after assembling a compilation of historical intelligence and highly sensitive source information, the FBI directed its investigative efforts toward the Colombo LCN Family in New York.

The ensuing investigation would continue for nearly 6 years and, due to the violent nature of the subjects, would involve extremely cautious and calculated case management and timing in order to minimize risks to FBI technical personnel and to the 10 cooperating witnesses who subsequently testified at great personal jeopardy to corroborate recorded conversations and physical evidence.

Eventually, the expanding investigation would involve extensive electronic surveillances of top-level Colombo LCN members including the implementation of 17 court authorized electronic surveillances, to which 60 extensions were approved. In addition, there were over 9,000 consensually monitored conversations involving cooperating witnesses and 43 search warrants executed during this time.

The overall investigation would cost $2.1 million. The product of this investigation, however, would prove profound, not only culminating in the virtual decimation of the entire hierarchy of the Colombo LCN Family, but also generating no less than 13 additional investigations.

Directly spawned from the "STARQUEST" investigation; the "STARCHAMBER-FIVE STAR" investigation resulted in the indictment, under the RICO Statute, of the hierarchy of all 5 New York LCN Families.

Subsequently, all defendants in both the "STARQUEST" and "STARCHAMBER" cases were found guilty.

On November 18, 1986, a U.S. District Court Judge for the SDNY sentenced the following "STARQUEST" defendants:

Carmine Persico - boss - Colombo LCN

Gennaro Langella - underboss - Colombo LCN

John J. DeRoss - capo - Colombo LCN

Anthony J. Scarpati - capo - Colombo LCN

Andrew Russo - capo - Colombo LCN

Dominic Cataldo - soldier - Colombo LCN

Alphonse Persico - soldier - Colombo LCN

Hugh McIntosh - associate - Colombo LCN

The sentences for these individuals totaled 469 years'. Additionally, at a later date, Colombo LCN capo Dominick Montemarano, and soldier, Ralph Scopo, were sentenced to 18 and 15 years in prison respectively. Two other defendants, Colombo soldier, Frank Melli, and LCN associate Frank "The Beast" Falanga, died prior to sentencing.

On February 26, 1985, the leadership of the 5 New York families where indicted under the RICO Statute. These individuals had been identified by intelligence sources and exposed in a prosecution in the SDNY as being part of an executive body known as the Commission, which was formed to arbitrate LCN interfamily disputes.

Predicate acts in this indictment included murder, violation of the Hobbs Act, extortion and labor racketeering.

On November 19, 1986, a petit jury in U.S. District Court, SDNY, returned guilty verdicts on all counts against all defendants in the "Commission" case. The following January, U.S. District Court Judge Richard Owens sentenced the defendants to a total of 740 years in prison and levied fines totaling about $2,000,000. Among those sentenced were Anthony Salerno, Genovese Family boss; Carmine Persico, Colombo Family boss; Gennaro Langella, Colombo Family underboss; Ralph Scopo, Colombo Family soldier; Anthony Corallo, Luchese Family boss; Salvatore Santoro, Luchese Family underboss; Christopher Furnari, Luchese Family consigliere and Anthony Indelicato, Bonanno Family member.

Following the successful prosecution of the Colombo LCN hierarchy, which established the judicial finding of the Colombo LCN Family as a racketeering enterprise, the U.S. Attorney, in an unprecedented action, filed a civil complaint charging 31 defendants with controlling a labor organization through a pattern of racketeering activity. This represented the first civil RICO complaint filed against an LCN family as an enterprise and against the labor organization which they controlled.

Besides Colombo LCN members and associates, the defendants included LIUNA Local 6A and officials of the District Council of Cement and Concrete Workers.

As a result of this unique endeavor, an injunctive relief order was issued that permanently enjoined the Colombo LCN Family, the LCN Commission, and any person associated with, or members of those entities, from participating in any way in the affairs of any labor organization or benefit plan as defined by Title 29, U.S. Code.

Additionally, the Colombo LCN Family, the LCN Commission, and any members and associates were further enjoined from having any dealings with any officer, auditor, or employee of a labor organization or benefit plan about any matter which relates to the officers of the labor organization.

The impact of the economic loss prevented as a result of "STARQUEST", "STARCHAMBER", the civil RICO case and subsequent investigations are virtually incalculable.

However, as an indicator, based on the percentage of kickback dollars that would have been extorted from only 2 New York construction firms in 1 year's time, the amount would exceed $10,000,000. There are hundreds of companies, organizations, businesses, unions, and individuals from which similar payments are, under threats of sabotage, beatings and murder, extorted by the Enterprise. Most recently in an ongoing investigation originally evolving from "STARQUEST," a 97-count indictment was returned in the EDNY charging 20 individuals under the RICO Statute with operating as a criminal enterprise.

The identified pattern of racketeering consisted of a wide array of extortion, bid-rigging, bribery, and fraud techniques, and involved members of the Luchese LCN Family, Genovese Family associates, local labor union officials, and related construction contractors.

The unions cited in the indictment are the Masons Tender Locals 13 and 46 of the LIUNA, Local 531 of the United Brotherhood of Carpenters and Joiners of America and Local 20 of the Cement and Concrete Workers Union of LIUNA.

The criminal enterprises identified in this and other investigations have systematically bled the construction industry in New York through a pattern of extortion, labor bribery, criminal collusion and fraud designed to virtually destroy the concept of "free enterprise" within the industry. Our strategy is to virtually eliminate the criminal enterprises operating not only in the construction industry but within all the industries in which the LCN has gotten a foothold.

The success of our investigations has demonstrated that to effectively remove these illegal, cancerous cartels from society, to literally put them "out of business", we must continue to "disorganize" organized crime by convicting the leaders and dismantling their business apparatus.

Together with the support of innovative legislation we are capable of dealing a fatal blow to organized crime.

"STRAWMAN/ARGENT"

On April 27, 1978, an investigation was launched in Cleveland, Milwaukee, Chicago, Las Vegas, and Kansas City which focused on a conspiracy among 4 LCN families to illegally obtain money from the CSPF of the International Brotherhood of Teamsters. The money would be used to establish the Argent Corporation, an umbrella corporation for several Las Vegas hotel-casinos.

The investigation represented an exceptional team effort, involving countless FBI support personnel, Special Agents, executives and attorneys, as well as extensive electronic and physical surveillances.

The result would be far reaching, including the successful conviction of the organized crime leadership in Cleveland, Milwaukee, Chicago, Kansas City and Las Vegas.

Seventeen defendants were convicted, receiving combined sentences exceeding 250 years' and ordered to pay restitution and court costs amounting to over 1 million dollars. Among those sentenced were; Joseph Aiuppa, Chicago Family boss; John Cerone, Chicago Family underboss; Joseph Lombardo, Chicago Family capo; Angelo La Pierta, Chicago Family capo; and Carl Deluna, Kansas City underboss. Nick Civella, Kansas City boss, named as a coconspirator in the indictments, died before the trials began.

One of the more significant aspects of "Strawman" is that the documents, trial testimony and colorful evidence, resulting from the investigation, facilitated the media's education of the public concerning the LCN. "STRAWMAN" laid bare the structure of organized crime, graphically illustrating the intricate manipulation of the LCN in the unions, and demonstrated to the citizenry and law enforcement alike, the devastating impact of LCN on the economy of the United States.

"UNIRAC"

Beginning in 1975, "UNIRAC" was a highly publicized investigation which focused on LCN control of the maritime industry through their influence in the International Longshoremen's Association (ILA). This union influence extended from the Port of New Orleans, along the East Coast and throughout the Great Lakes Region.

The investigation was predicated upon information received from Joseph Teitlebaum, a cooperating witness and owner of Florida Container Agencies. He maintained that certain individuals were involved in a systematic extortion of legitimate shipping and related support businesses. Through the utilization of FBI undercover Agents, and the cooperating witnesses' consensual monitoring, the "UNIRAC" investigation identified an entire network of LCN corruption throughout the eastern seaboard.

The 4-year probe of the maritime industry resulted in more than 117 convictions throughout the United States with 41 convictions in New York alone.

Among those convicted were; Anthony Scotto, a capo in the Gambino Family and the International Vice President of the ILA; Michael Clemente, Genovese LCN member; numerous other LCN members and associates; as well as high-ranking officials of the ILA; shipping line executives, and officials of shipping related companies.

The Anthony Scotto trial, which lasted approximately 9 weeks, historically may be considered one of the most significant investigations and prosecutions undertaken by the FBI at that time.

Prior to his conviction, Scotto, was one of the most politically powerful labor leaders in the United States who eventually might have become President of the ILA. According to his own testimony, Scotto was personally responsible for raising millions of dollars in various national election campaigns and in turn, used his fund-raising abilities to ingratiate himself in political circles.

Because of the extraordinary efforts of the Agents, the quality and substance of court authorized electronic surveillances, the cooperation of witnesses, and the superior advocacy of the prosecutors. Scotto was convicted, and on January 22, 1980, almost 1 year to the day from the date of the original indictment, he was sentenced to 5 years in prison, 5 years' probation and fined $75,000.

Six months later, Michael Clemente would be sentenced to 20 years in prison and fined $50,000. Greatly publicized, the Clemente trial graphically demonstrated for the public at large, the extent of the dominance of organized crime in the port of New York. In fact, so overwhelming was the Government's evidence, that after their convictions, the judge refused bail and remanded Scotto and others "because of the danger they posed to the community at large".

On May 6, 1980, U.S. District Court Judge Leonard Sands stated: "...based on the evidence, the power and control here is not a power and control which derives solely from union officers; nor is the association, the organization here, the enterprise, the ILA. Rather, it is the unholy alliance of union officials and organized crime."

Without a doubt, this statement clearly emphasized the infiltration, the influence, and the overpowering control of the ILA by organized crime.

MAJOR INVESTIGATIVE MATTERS

BACKLOT
RICO
OO: NEW HAVEN

Captioned matter is a RICO investigation into the illegal activities of the Genovese LCN Family in Bridgeport, Connecticut. On February 29, 1984, the Federal grand jury returned indictments against capo John Ardito, and members Vincent Pollina, Gus Curcio, and Francis Curcio. The charges stemmed from Title III intercepts in connection with another matter wherein the Curcios were on trial for loansharking. The intercepts revealed the defendants were conspiring to feign illness. Ultimately, all either pled or were found guilty and sentenced to long prison sentences.

Ardito and Pollina who were still incarcerated on the aforementioned convictions and another LCN member Salvatore Basso plus 4 associates were indicted on February 12, 1985, for RICO involving assorted predicate offenses including extortionate credit transactions, interstate transportation in aid of racketeering, interstate transportation of wagering paraphernalia, and gambling. A number of others were indicted for gambling. All pled guilty.

On November 19, 1986, Basso was sentenced to 8 years in jail. In October, 1986, Ardito and Pollina were fined $10,000 each and sentenced to 10 and 9 years' respectively to run concurrently with their OOJ sentences.

On December 16, 1986, LCN associate Anthony Menillo was found guilty of 2 counts of perjury in connection with his earlier appearance before the FGJ.

This investigation resulted in a total of 4 convictions for OOJ, 24 for RICO, and 1 for perjury.

BAN BON
RICO
OO: NEW YORK

This investigation was initiated in April, 1987, to focus on the entire membership of the Bonanno LCN Family and its associates for the purpose of filing a civil complaint under the RICO Statute.

After extensive electronic and physical surveillance, the U.S. Attorney's Office filed a civil racketeering complaint in August, 1987, in Brooklyn, New York, against the Bonanno LCN Family. The complaint named the Bonanno boss, Philip Rastelli, and 12 other members, including the underboss, the consigliere, 4 capos, and 3 union officials including, Teamsters Local 814 President Ignatius Bracco.

The 70-page complaint outlined 196 acts of racketeering which included murder, gambling, narcotics trafficking, loansharking, and labor racketeering. In the complaint, the courts were requested to enforce the following:

1) Seize mob-owned businesses, including 3 New Jersey hotels, a Brooklyn taxi service, 2 New York cafes, and a Queens cake shop;

2) The Bonanno Family payed the Government $1 million in damages;

3) Bar specific members of the Bonanno Family and members of Teamsters Local 814 with 2 or more criminal convictions from engaging in future business with one another;

4) Replace the local union's executive board with a trustee pending trial; and

5) Prevent current officials of Local 814 from holding any position in the union or from using union funds.

BERGEN HUNT AND FISH CLUB;
et al;
RICO (A)
OO: NEW YORK

This investigation began in August, 1979, and was predicated on information that Gambino capo John Gotti was directing the illegal activities of a major organized crime crew in Ozone Park, New York. These illegal activities included the traditional organized crime violations such as loansharking, gambling, contract murders, major thefts and labor racketeering. Gotti was of particular interest because of his prominence in the Gambino LCN Family and, more importantly, because of the magnitude of the criminal activities conducted by his crew.



90-305 0 - 88 - 13

BOSTAR
OO: BOSTON

Captioned matter focuses on the Angiulo faction of the New England LCN. There has been a series of indictments. In September, 1983, an indictment was returned against several of the most important members and associates of the New England LCN. Those indicted included the former underboss Gennaro Angiulo, former consigliere Nicolo Angiulo, consigliere Ilario Zannino, capo Donato Angiulo, soldier Francesco Angiulo and associate Mike Angiulo. Zannino was severed because of health problems. However, on February 26, 1986, the others were convicted in Federal court on various counts of IGB, ECT, and RICO. All were sentenced in April 1986, and received lengthy jail sentences and fines. Trial of Ilario Zannino began in January 1987. On March 6, 1987, Zannino was found guilty of IGB and ECT. On March 12, 1987, he was sentenced to 30 years'. Zannino faces additional Federal and local charges but, again, because of health reasons the judge ordered his RICO trial broken into shorter segments.

The following individuals have been convicted or pled guilty as follows:

| NAME | RANK | DATE OF CONVICTION/PLEA* | SENTENCE |
|---|---|---|---|
| Carlo Abruzzio | associate | 9/22/86 | 6 months $3,000 |
| Donato Angiulo | capo | 2/26/86 | 20 years $20,000 |
| Francesco Angiulo | soldier | 2/26/86 | 25 years $60,000 |
| Gennaro Angiulo | former underboss | 2/26/86 | 45 years $120,000 |
| James Angiulo | associate | 9/9/86 | 2 years |
| Jason Angiulo | associate | 10/9/86 | 3 years $20,000 |
| Mike Angiulo | associate | 2/26/86 | 3 years |

| NAME | RANK | CONVICTION/PLEA* | DATE OF SENTENCE |
|---|---|---|---|
| Nicolo Angiulo | former consigliere | | Never tried Deceased |
| John Cincotti | soldier | 10/9/86 | 18 years $25,000 |
| Mario Correnti | associate | 9/22/86 | 3 months |
| Anthony Firicano | associate | 9/26/86* | Suspended |
| Richard Gambale | soldier | 9/23/86* | 12 years |
| Samuel Granito | capo | 2/26/86 | 20 years $35,000 |
| William Kazonis | associate | 10/22/86 | 6 years $15,000 |
| Ralph Lamattina | soldier | Fugitive | |
| Peter Limone, Jr. | soldier | 9/30/86* | 12 years |
| John Orlandella | associate | 9/23/86* | 6 years |
| Anthony Squillante | associate | 9/26/86* | 6 months $3,000 |
| Ilario Zannino | consigliere | 3/6/87 | 30 years |

It should also be noted that the jury determined that property valued at approximately $1 million owned by Donato, Francesco and Gennaro Angiulo be forfeited to the Government. That figure does not include the value of a 68-foot yacht also forfeited. In addition to the personal property above, the jury also ordered the following forfeited:

1. Fifty percent of $331,576 seized from the Angiulo's headquarters, 98 Prince Street.

2. Fifty percent of $41,025 seized from 95 Prince Street.

3. Fifty percent of $300,000 in Chrysler Financial Corporation stock seized from 98 Prince Street.

**COLOMBO LCN FAMILY;**
**CEMENT AND CONCRETE WORKERS**
**DISTRICT COUNCIL;**
**CEMENT AND CONCRETE WORKERS**
**LOCAL 6A (LIUNA);**
**HOTEL EMPLOYEES AND RESTAURANT EMPLOYEE**
**UNION (HERE) LOCALS 6 AND 100;**
**et al;**
**RICO - CIVIL**
**OO: NEW YORK**

On June 3, 1986, a petit jury in the SDNY returned a guilty verdict in the trial of 9 defendants who represented the hierarchy of the Colombo LCN Family. On June 19, 1986, the United States Attorney (USA), SDNY, utilizing the factual presentation from the Colombo Family hierarchy criminal prosecution, filed a civil complaint charging 31 defendants with controlling a labor organization through a pattern of racketeering activity. The defendants include LIUNA Local 6A, the District Council of Cement and Concrete Workers, Colombo LCN members and LCN associates. This is the first civil RICO complaint filed against an LCN family as an enterprise and the labor organizations they influence and control.

On March 18, 1987, U.S. District Court Judge Vincent L. Broderick, SDNY, pursuant to a negotiated settlement between the Government and the defense, issued a ruling providing injunctive relief against LCN influence with LIUNA Local 6A and the District Council of Cement and Concrete Workers. The court order set forth the following:

1. Enjoined for life the following individuals from holding office, membership in, or conducting business with these labor entities: Louis Gaeta, Ralph Scopo, Jr., Joseph Scopo, Carmine Montalbano, Rudolph Napolitano and Frank Belino.

2. Enjoined for life as in 1 supra except for employment as laborers: Anthony Galuizza, Rumondo Graziano and Peter Vitale.

3. Enjoined for life from any activities concerning these labor entities: Joseph Frangipane, Richard Tomaszewski and Christopher Furnari, Jr.

4. Enjoined as in 3 supra for the length of the trusteeship: Thomas Hennessy, Edward Kelly and Jerry Miceli.

5. Court appointed trustee to oversee these entities until late 1987 when supervised elections will be held.

6. Trustee to monitor all management decisions with veto powers for a period of 3 years after elections.

7. Trustee will supervise new elections at the end of the three-year period.

On April 22, 1987, U.S. District Court Judge Broderick, SDNY, amended the injunctive relief order originally issued on March 18, 1987in United States vs. Local 6A et al to order that:

The Colombo LCN Family and the Commission of the LCN and any person associated with or members of these entities, are permanently enjoined from participating in any way in the affairs of any labor organization or benefit plan as defined by Title 21 (sic) (Title 29) United States Code.

The Colombo LCN Family, the LCN Commission, and any person associated with or members of these entities are further enjoined from having any dealings with any officer, auditor or employee of a labor organization or benefit plan about any matter which relates to the affairs of the labor organization.

CONRAX
RICO
OO: NEW YORK

This investigation was initiated in 1984 and focuses on the LCN control of the construction industry in New York through its influence over Mason Tenders Locals 13 and 46, Cement and Concrete Workers Union Local 20, and Carpenters Union Local 531. Extensive electronic surveillance of LCN members and union officials has established that a criminal enterprise has systematically led the construction industry in the New York metropolitan area through a pattern of extortion, labor bribery and various forms of collusion and fraud.

On August 17, 1987, 20 individuals were charged in a 97-count sealed indictment with RICO - conspiracy, extortion, Taft-Hartley violations (bribery), mail and wire fraud, benefit fund fraud, theft of welfare funds, perjury, and OOJ. Those indicted were 6 officers of 4 different construction trades' labor unions, 6 union shop stewards, and 8 construction contractors of which 2 were Luchese LCN Family members. Of those indicted, the most notable are:

Basil Robert Cervone - Genovese associate; Officer, Mason Tenders Local 46, LIUNA

Peter A. Vario - Luchese member; Business Manager, Mason Tenders Local 46

Joseph Frangipane- Luchese member; Business Agent, LocaL 20, LIUNA

ROY ALBERT DEMEO
JOSEPH GUGLIELMO - FUGITIVE
DENNIS TESTA - FUGITIVE
RICO
OO: NEW YORK

This investigation focused on the criminal enterprises comprised of the hierarchy of the Gambino LCN Family. In September, 1984, indictments were returned charging Gambino boss Paul Castellano and 20 members and associates of the Gambino LCN Family with RICO with the predicate violations being murder, ITSP, narcotics, bribery, extortion, prostitution and pornography.

The court ruled that the prosecutions be divided into several trials, the first of which commenced in September 1985. This trial included Castellano and 8 other defendants who were charged with Conspiracy, ITSP, Civil Rights violation ending in death, and Mail Fraud. Castellano was murdered in December, 1985, and in March, 1986, Anthony Gaggi, a Gambino capo, and 5 of 7 co-defendants were convicted. Two associates received 165-year sentences while the remaining defendants received from 5 to 15-year sentances. Including plea agreements, 19 convictions have been recorded to date and the sentences given were the longest sentences in the history of the Federal court in the EDNY.

Trial is scheduled in EDNY for the remaining defendants. This RICO prosecution charges 25 homicides, extortion, OOJ and bribery as predicate acts.

JOHN JOSEPH DIGILIO
DONALD CARSON, GENERAL ORGANIZER
INTERNATIONAL LONGSHOREMAN'S ASSOCIATION
RICO - LABOR RACKETEERING
OO: NEWARK

Captioned matter was initiated in September, 1984, as a result of information obtained from a Genovese Family Title III which indicated that Donald Carson, the then international Vice-President of the ILA, as well as Business Agent from ILA Locals 1587 and 1588, Bayonne, New Jersey, were receiving kickbacks regarding the movement of containers in and out of the commercial facilities at the Military Ocean Terminal, Bayonne, New Jersey.

It was determined that the DiGilio criminal enterprise was able to establish a competitive advantage for their own service company within the Bayonne facility through their control of the ILA labor contracts. In addition, they extracted labor peace payments from companies doing business with their service company. These payments were made to the DiGilio group through an intricate web of phony and inflated invoices.

In November, 1986, DiGilio, Carson and 6 associates were indicted for violation of the RICO Statute. The predicate acts included extortion, mail fraud and conspiracy. Trial in this matter is scheduled for late 1987.

ARMANDO ESTRADA
et al
RICO; CIVIL RIGHTS; FFA; CPO
OO: MIAMI

This investigation was initiated in August, 1985, when allegations surfaced regarding corruption by police officers of the Metro-Dade Police Department (MDPD). It was alleged that MDPD officers raided a barge containing a large quantity of cocaine and were responsible for the theft of 350 kilograms of the controlled substance from the barge. During the raid 3 persons on the boat jumped into the Miami River which resulted in their deaths by drowning. The officers involved were initially indicted locally in December, 1985. Subsequently, local authorities became concerned about their ability to successfully prosecute the defendants. Therefore, in June 1986, the 7 defendants were indicted in the Southern District of Florida (SDF) on RICO charges with murder, robbery and bribery as predicate violations. They were also charged with Title 21, United States Code (USC), Sections 841 and 846 violations and Title 18, USC Section 2. Six of the officers were also charged with civil rights violations stemming from the drowning deaths of the 3 persons aboard the barge. As a result, the trial in this matter lasted for 4 months and ended in January, 1987, with a hung jury. A new trial was set for September, 1987.

Continued investigations into other aspects of police corruption by these and other police officers resulted in the development of additional cooperating witnesses and uncovering new evidence. As a result the original indictment has been superceded twice and the total number of former and current police officers indicted now total 16, 5 of which are in fugitive status.

On September 8, 1987 the trial for 1 severed defendant, Ricardo Aleman, began and is still in progress. The other 15 defendants are scheduled for trial in this matter in November, 1987.

Several spin-off investigations have been initiated by Miami regarding other groups of former police officers and civilians involved in pervasive corruption and a pattern of racketeering.

RAYMOND H. FLYNN, aka;
JOHN PAUL SPICA - VICTIM
RICO - MURDER
OO: ST. LOUIS

In June, 1986, Raymond H. Flynn, former head of Laborers Local 42, was indicted for the murder of John Paul Spica. Spica was a former member of the St. Louis LCN Family and a business associate of Anthony Giordano, deceased boss of the St. Louis Family. Flynn reportedly was associated with the Syrian Organized Crime Family of Paul Leisure.

Flynn was subsequently convicted in March, 1987, for the death of Spica in a 1979 car bombing which occurred as a result of a dispute over the control of Laborers Local 42.

ANTHONY FRANK GUARNIERI;
et al
RICO
OO: MIAMI

In August 1985, Miami initiated an investigation of alleged criminal activity by Anthony Frank Guarnieri, a Bufalino LCN capo, and several coconspirators who were involved in the sale of counterfeit brand name watches and other violations. The investigation was conducted with the cooperation of the Broward County Sheriffs' Office Organized Crime Department. The investigation culminated in May 1987, when Guarnieri and several others were indicted. This indictment was sealed and superseded in June 1987.

In June 1987, the indictment was unsealed and all the subjects were arrested. Among those indicted were the following;

Joseph Covello, soldier, Gambino LCN Family who was charged with operating an illegal gambling business and conspiracy;

Patrick Joseph Decrescito, who was charged with operating an illegal gambling business, conspiracy, selling counterfeit credit cards, distribution and possession with intent to distribute narcotics, and unlawful use of the telephone;

John Charles Charney, who was charged with distribution and possession with intent to distribute narcotics, and conspiracy;

John Joseph Denoia, soldier, Genovese LCN Family, who was charged with selling counterfeit goods; and

Richard Delgaudio, soldier, Gambino LCN Family, who was charged with conspiracy, operating an illegal gambling business, attempting the collection of an extension of credit by extortionate means, receipt of a firearm by a convicted felon, distribution and possession with intent to distribute narcotics, and unlawful use of the telephone.

HIP BOOT
RICO
OO: PHILADELPHIA

HARVEST TIME
RICO
OO: PHILADELPHIA

Both the Hip Boot and Harvest Time investigations are directed at the Philadelphia LCN hierarchy. Hip Boot was a Group I Undercover Operation which focused on the Philadelphia LCN's control of the restoration of historic properties.

In October, 1986, a Philadelphia LCN soldier and a Philadelphia City Councilman, were indicted for Hobbs Act - extortion violations. LCN members conspired with certain Philadelphia city officials, real estate developers, and construction companies in securing and restoring certified historical properties. In November, 1986, the LCN member began to cooperate with the FBI and subsequently pled guilty to 1 count of Hobbs Act in connection with the extortion of real estate developers in Philadelphia. He also pled guilty to an information charging him with 1 count of RICO.

In January, 1987, another Philadelphia LCN member pled guilty to an information charging him with 1 count of RICO and he agreed to cooperate.

Both LCN members described the Bruno/Scarfo LCN Family as a criminal enterprise headed by Nicodemo Scarfo. One member admitted that he participated in 3 LCN-related murders and 1 attempted murder. The other admitted his participation in 5 LCN-related murders and 1 attempted murder. Both implicated Philadelphia's LCN boss Nicodemo Scarfo as being directly involved in at least 10 LCN-related murders.

In January, 1987, the LCN boss and 1 LCN member were indicted for Hobbs Act-Extortion in a superseding indictment. By July, 1987, all defendants, except those in fugitive status, were found guilty following a jury trial. The 2 LCN members were Government witnesses during the trial.

KENRAC
RICO
OO: NEW YORK

The New York Division (Brooklyn-Queens) instituted an investigation into allegations that the Luchese LCN Family in New York controlled the airfreight industry at JFK International Airport through the manipulation of several labor unions and businesses. Central to the allegations was information that the LCN directly controlled Teamsters Locals 295 and 851 in New York and through this domination dictated all trucking functions at this airport.

Title III coverage was initiated in May, 1983, and continued through October, 1983. It was subsequently learned that in excess of $1.5 million was paid to the Teamsters by the trucking industry in exchange for labor peace.

The following individuals were convicted for Hobbs Act - Conspiracy, OOJ, extortion, attempted extortion and securities fraud:

Harry Davidoff, Vice President of Teamsters Local 851; Frank Calise, President of Teamsters Local 295; Paul Vario, Luchese capo; 2 other Luchese members; 3 Luchese associates; 1 Bonanno member; 1 Gambino associate; the Vice-President of Air International; and the owners of 4 trucking companies and 2 freight companies. Luchese underboss Salvatore Santoro has been indicted, however, since he was sentenced to 100 years in the Star Chamber - Five Star investigation, this indictment is being held in abeyance.

The Kenrac investigation is continuing because new leadership in Teamsters Local 295 is still associated with Luchese LCN Family members.

LCN STRUCTURE - GENOVESE FAMILY
SPRINGFIELD, MASSACHUSETTS, AREA;
RICO; ASSAULTING A FEDERAL OFFICER
OO: BOSTON

Investigation is focused upon the capo Francesco "Skyball" Scibelli faction of the Genovese LCN Family operating in the Springfield, Massachusetts area. A Title III MISUR was operated from September, 1983, until mid-December, 1983.

On March 7, 1984, FBI Agents attempted to serve a search warrant for the automobile of LCN associate John J. Nettis. One Agent approached Nettis' automobile on foot attempting to serve a search warrant. As Nettis fled, his automobile brushed against the Agent. No injury resulted. A high-speed chase ensued during which Nettis' automobile struck a FBI vehicle operated by another Agent, who was slightly injured. The high-speed chase continued for several more minutes after which Nettis was arrested. Nettis was charged with Assaulting a Federal Officer (AFO), taken before a U.S. Magistrate, and released on $5,000 cash bond.

Nettis was subsequently convicted of AFO, and on June 12, 1985, was sentenced to 3 years in the custody of the U.S. Attorney General. The Boston Division is continuing the investigation with New York authorities.

The cooperation of state authorities was instrumental in obtaining several convictions in a related matter. The New York State Organized Crime Task Force at Albany, New York, convicted 4 subjects in this investigation. Those convicted were soldiers Adolfo Bruno, Amadeo Santaniello, Anthony Liquori, and Rick Songini. Each received 5 years' probation and a fine.

On October 29, 1986, a Federal grand jury at Springfield, Massachusetts, returned an indictment against 9 members. All defendants except Donald J. Pepe have been arrested. As of October 10, 1987, Pepe remains a fugitive.

On October 27, 1987, 8 Genovese LCN Family members or associates pled guilty to various counts of RICO, Illegal Gambling Business (IGB), and Interstate Transportation in Aid of Racketeering (ITAR) as follows:

| Name | LCN Position | Charge |
|---|---|---|
| Francesco Scibelli | capo | RICO |
| Adolfo Bruno | soldier | RICO |
| Albert Scibelli | soldier | IGB and ITAR |
| Anthony Scibelli | soldier | IGB and ITAR |
| Felix Tranghese | soldier | IGB and ITAR |
| Mario Fiore | soldier | ITAR |
| John Pradella | associate | ITAR |
| Ricardo Songini | associate | IGB |

Additional indictments of approximately 15 associates are expected in the future.

JOSEPH PAUL MARCELLO, JR.;
FRANCIS W. KNOLLIN, JR.;
CHARLES L. GALLAGHER;
ILLEGAL GAMBLING BUSINESS
OO: NEW ORLEANS

Captioned investigation focuses on a large-scale bookmaking operation that is financially backed by Joseph Paul Marcello, Jr. He is running the activities of the New Orleans LCN Family while his brother, Carlos Marcello, is incarcerated. The investigation has involved the use of electronic surveillance. In August, 1987, 17 individuals were indicted on charges of illegal gambling, OOJ, perjury and drug violations. Among those indicted were Albert Payne, Warden, Jefferson Parish Louisiana. Payne is the third highest ranking law enforcement official in the Jefferson Parish.

PETER JOHN MILANO
et al;
RICO - NARCOTICS
OO: LOS ANGELES

Captioned matter is a long-term investigation into the illegal activities of the Los Angeles LCN Family. The initial component of the investigation began in the fall of 1982, as a result of information received from a Los Angeles source. Based on information provided and the ensuing investigation, Title III coverage was authorized. As a result of inventory notices having been sent to subjects intercepted, as required by Title 18, USC, Section 2518 (8) (D), Lawrence "Larry" Fiato contacted the Los Angeles Office and began to cooperate with the Government in this investigation. Larry Fiato and subsequently his brother, Craig Fiato, were instrumental in obtaining evidence of criminal violations that supported the indictment of 15 individuals in May, 1987, for RICO violations predicated on narcotics, extortion and murder conspiracy charges. Among those indicted were the boss, underboss, 2 capos, and 4 soldiers of the Los Angeles LCN Family.

Seven subjects were charged with a total of 107 counts of violation of Title 21, USC, involving the distribution of Cocaine. Eleven subjects were charged with a total of 33 counts of extortionate credit transactions, while all are charged with RICO conspiracy. One defendant has entered a guilty plea to drug related charges and plea negotiations are under way with several other defendants. A trial date has been set for March 1, 1988.

OPERATION CASTAWAY
RICO
OO: NEW YORK

This investigation was initiated in August 1979 and was directed at establishing a prosecution of the hierarchy of the Gambino LCN Family as a criminal enterprise. In 1981, Title III coverage was initiated on Gambino LCN member Angelo Ruggiero. Between March, 1983, and August, 1983, Title III coverage was conducted on Paul Castellano, boss of the Gambino LCN Family. This resulted in excess of 30 Gambino Family capos or soldiers and 2 high-ranking members of other LCN families being intercepted discussing criminal activities. In December, 1985, Castellano and Gambino capo Thomas Bilotti were murdered in New York City. At the time of the murder, Castellano was on trial in the SDNY for murder, ITSP and Mail Fraud as a result of a separate New York FBI investigation. The preceding death, by natural causes, in December 1985 of Aniello Dellacroce, Gambino underboss, resulted in John Gotti assuming a leadership position in the Gambino LCN Family.

In June, 1986, a Federal grand jury in the EDNY returned a true bill of indictment charging 16 members and associates of the Gambino LCN Family with RICO, RICO-Conspiracy, and a multitude of substantive counts to include ITAR, murder, conspiracy, extortion, labor violations, gambling, Theft from Interstate Shipment, and Obstruction of Justice. Named as unindicted coconspirators were 4 LCN members and John Doe. John Doe is John Gotti. Gotti was an anticipated defendant in this indictment; however, evidence from this investigation was provided to the USA to support a February 1985 indictment and March 1987 prosecution of Gotti. Gotti was removed from the indictment presentation to prevent a double jeopardy issue.

In March, 1987, Gotti and 5 defendants were acquitted on RICO and RICO-Conspiracy charges that were part of the February, 1985, indictment.

In July, 1987, 2 Gambino capos James Failla and Joseph Corrao were found not guilty of RICO charges in a jury trial. U.S. District Court Clerk Mildred Russo pled guilty to charges of divulging privileged court information to members of the Gambino Family.

In September, 1987, Joseph Zingaro, capo, Gambino LCN Family, was convicted of RICO. In December 1987, Joseph R. Armone, underboss and Joseph N. Gallo, consiglieri of the Gambino LCN Family were convicted of RICO.

PIER II
RICO
OO: NEWARK

This organized crime task force investigation, which combined the resources of the Union County, New Jersey, Prosecutor's Office and the FBI, was directed at the gambling and loansharking activities of the DeCavalcante LCN Family. Title III coverage was initiated in March, 1985, and was extended for 70 days. The Title III coverage and subsequent search warrants established extortion and gambling violations as well as copyright violations, bankruptcy fraud, insurance fraud and narcotics violations.

New York has instituted Title III coverage in an unrelated Genovese LCN investigation. Through the Newark and New York Title IIIs it was determined that a Philadelphia record distributor was being extorted by Genovese and DeCavalcante members and associates. Roulette Records brokered the sale of merchandise from MCA Records, Inc., to this distributor, pilfered the marketable merchandise before delivery, and then used extortionate means, including physical violence, to collect payment. The distributor, after being beaten in an attempted debt collection, agreed to cooperate with the Government.

In September, 1986, a sealed indictment was returned charging 2 DeCavalcante soldiers and 8 associates with operating a criminal enterprise in fact under the RICO Statute. The predicate acts included gambling, extortion, mail fraud, narcotics, wire fraud, and firearms violations. In addition, substantive charges were placed against 11 additional defendants including a capo in the Genovese LCN Family; Genovese soldiers; and the owner of Roulette Records who is a Genovese LCN associate.

PHILLIP RASTELLI, BOSS,
BONNANO LCN;
et al;
RICO
OO: NEW YORK

This priority investigation was directed at the LCN control of the 250 million-dollar-a-year moving and storage industry in the New York area. This investigation exposed a 20-year criminal conspiracy in which the LCN controlled this industry through its influence over officials in the International Brotherhood of Teamsters. On October 15, 1986, guilty verdicts were returned in a RICO prosecution in the EDNY against 10 defendants to include the boss, underboss and acting boss of the Bonanno LCN Family and the president, secretary-treasurer and business agent of Teamster Local 814.

ANTHONY SALERNO, aka;
et al
RICO
OO: NEW YORK

In March, 1986, RICO indictments were returned against the hierarchy of the Genovese LCN Family as a criminal enterprise in fact. Fifteen individuals, including the bosses of the Genovese and Cleveland LCN Families were named in the 30-count indictment.

This indictment was the result of an 18-month Title III surveillance on Anthony Salerno, boss of the Genovese LCN Family resulting in the defendants being charged with the extortionate control of the concrete industry in New York, illegal control of the IBT, conspiracy to commit the murder of a Philadelphia LCN member and operating an illegal gambling business. Trial commenced in April, 1987.

SOL C. SCHWARTZ;
et al;
RICO
OO: DETROIT

This investigation was initiated based on a review and analysis of the PENDORF investigation. It focused on monies and kickbacks paid by 2 businessmen to former IBT officials.

Subjects Sol C. Schwartz and Roger Towne were alleged to have paid union officials Charles Collins and Richard Fitzsimmons money to ensure that health services being sold to the union by Schwartz and Towne received favorable consideration by union trustees.

Sol C. Schwartz, a business partner of the late Allen Dorfman; Roger Towne, a business partner of the late Edward J. Brown in Delaware Professional Services; Charles Collins, a former Executive Director of the Michigan Conference of Teamsters; and Richard Fitzsimmons, former trustee of Michigan Conference of Teamsters, general organizer of the IBT, and son of Frank Fitzsimmons, were all convicted in September, 1986, of RICO and substantive labor violations. The court sentenced all 4 subjects to sentences ranging from 3 to 7 years' imprisonment. In excess of $80,000 in fines and forfeitures were also levied.

SLUDGE;
RICO-FBW; MF
OO: NEW YORK

In 1981, the FBI initiated an investigation into traditional organized crime infiltration of the independent gasoline distribution industry in New York. In 1982, an Organized Crime Task Force (OCTF) consisting of the New York State Attorney General's Office, New York State Tax and Finance Division, the Nassau and Suffolk County Police Departments and the Internal Revenue Service (IRS), was formed.

This investigation has demonstrated that the Colombo, Genovese and Luchese LCN Families have utilized a scheme whereby both Federal and state tax exemption certificates are obtained for numerous companies. Gasoline is purchased under a tax deferment exemption and resold, on paper, through several companies before being sold to the end-user who invoices the product as all taxes being paid. The loss of the tax liability generates millions of dollars in stolen tax revenue. Organized crime shootings, within this group in 1986, have been directly linked to the gasoline distribution industry.

As of July, 1986, there have been 11 Federal and state convictions, including the conviction of Colombo LCN member Michael Franzese. The state of New York, Department of Taxation, by letter dated March 5, 1986, projected a 1-year increase in New York State motor fuel excise tax returns of approximately $150 million as a result of the OCTF. From January to June 1986, 12 additional subjects were indicted on state charges.

On July 23, 1986, a state grand jury in Suffolk County, New York, returned a 186-count indictment against 7 individuals, including 3 Russian emigres, charging grand larceny, falsifying business records and multiple state tax violations. Extensive media coverage was given to the indictment of the Russian emigres.

STARCHAMBER - FIVE STAR;
OO: NEW YORK

On February, 26, 1985, the leadership of the 5 New York LCN Families, the "Commission," were indicted under the RICO Statute. Those indicted were:

| | | |
|---|---|---|
| Anthony Salerno | boss | Genovese Family |
| Paul Castellano | boss | Gambino Family (deceased) |
| Aniello Dellacroce | underboss | Gambino Family (deceased) |
| Gennaro Langella | underboss | Colombo Family |
| Ralph Scopo | soldier | Colombo Family |
| Anthony Corallo | boss | Luchese Family |
| Salvatore Santoro | underboss | Luchese Family |
| Christopher Furnari | consigliere | Luchese Family |
| Phillip Rastelli | boss | Bonanno Family |

The predicate acts in this indictment include murder, Hobbs Act - extortion and labor racketeering.

On June 25, 1985, Colombo LCN Family boss Carmine "Junior" Persico was charged with extortion and murder in the "Commission" case.

On November 12, 1985, Anthony Indelicato, Bonanno LCN member, was indicted in a superseding indictment charging him with the murders of Carmine Galante, Leonard Coppolla and Guiseppe Turano. These murders were ordered by the LCN Commission members previously indicted.

Trial commenced on September 8, 1986, and concluded on November 19, 1986, at which time guilty verdicts were returned against Salerno, Langella, Scopo, Corallo, Santoro, Furnari, Indelicato and Persico.

On January 13, 1987, U.S. District Court Judge Richard Owen, SDNY, sentenced the below-listed defendants as follows:

1. Anthony Salerno, Genovese Family boss, was sentenced to 100 years in prison and fined $240,000 with no parole.

2. Carmine Perisco, Colombo Family boss, was sentenced to 100 years in prison and fined $240,000 with no parole.

3. Gennaro Langella, Colombo Family underboss, was sentenced to 100 years in prison and fined $240,000 with no parole.

4. Ralph Scopo, Colombo Family soldier, was sentenced to 100 years' to run consecutively and fined $240,000 with no parole.

5. Anthony Corallo, Luchese Family boss, was sentenced to 100 years in prison and fined $250,000 with no parole.

6. Salvatore Santoro, Luchese Family underboss, was sentenced to 100 years in prison and fined $250,000 with no parole.

7. Christopher Furnari, Luchese Family consigliere, was sentenced to 100 years in prison and fined $240,000 with no parole.

8. Anthony Indelicato, Bonanno Family member, was sentenced to 40 years in prison and fined $50,000 with no parole.

MICHAEL TACCETTA, aka;
et al;
RICO
OO: NEWARK

This investigation was initiated to focus on the criminal activities of the Luchese LCN Family in Northern New Jersey which operated under Luchese capo Anthony Accetturo.

On August 19, 1985, an indictment was returned in the District of New Jersey (DNJ) charging Luchese LCN capo Anthony Accetturo, Luchese LCN members Michael and Martin Taccetta, and 23 other associates under the RICO Statute with the predicate acts being multiple counts involving narcotics, gambling, loansharking, credit card fraud and conspiracy. On August 21, 1985, 21 defendants were arrested and the execution of search warrants resulted in the seizure of weapons, ammunition, cash and assorted books and records.

On April 14, 1986, Manuel C. Monterro was convicted in the DNJ for possession with intent to distribute cocaine. On June 12, 1986, a six-count indictment was returned in the DNJ charging 11 defendants with violation of Federal narcotics laws.

On October 7, 1986, the initial trial in this investigation concluded with the conviction of all 11 defendants on charges of conspiring to distribute multikilogram quantities of cocaine.

These are significant convictions in that this eliminates the main cocaine distribution network utilized by the Florida and New Jersey Luchese LCN Family factions.

A petit jury was impaneled on March 27, 1987, or the RICO prosecution of Accetturo and 23 codefendants. Opening arguments commenced on March 30, 1987, and the prosecution portion of the trial is ongoing.

THE WESTIES
RICO
OO: NEW YORK

The Westies, aka the Irish Mob, is believed to consist of about 75 members who operate on the West Side of Manhattan. Criminal activities include loansharking, gambling, extortion, labor racketeering, narcotics and murder. In 1978, the Westies came to an agreement with the Gambino LCN Family. The Gambino's agreed to allow the Westies to operate under 2 conditions: first, the Westies agreed to pay the Gambino LCN Family 10 percent of their illegal proceeds; secondly, the Westies agreed to perform murders requested. The New York Office believes that the Westies have since committed approximately 137 homicides. In April 1986, a member of the Westies, Mickey Featherstone, agreed to cooperate after being found guilty of murder in local court. As a result of his cooperation, 10 individuals have been indicted for RICO - murder, loansharking and extortion. Trial began on October 5, 1987 and is ongoing.

## OUTLAW MOTORCYCLE GANGS

The FBI officially designated the Outlaw Motorcycle Gangs (OMGs) as a national priority within the Bureau's Organized Crime Program in 1982. Since that time, significant progress has been made through existing and recently established channels of communication and greater coordination of law enforcement efforts nationwide.

Among the multitude of OMGs identified through investigative efforts to date, those considered to be the best organized and most sophisticated criminal organizations continue to be the HELLS ANGELS MOTORCYCLE GANG, the OUTLAWS MOTORCYCLE GANG, the BANDIDOS MOTORCYCLE GANG, and the PAGANS MOTORCYCLE GANG. Bureauwide efforts against these OMGs have proven to be highly successful.

### BANDIDOS MOTORCYCLE GANG

On February 21, 1985, extensive investigative efforts between several local, state and Federal law enforcement agencies resulted in the nationwide issuance of arrest warrants for 88 members and associates of the Bandidos Motorcycle Gang.

On the Federal level, 7 FBI field divisions including Albuquerque, Dallas, Detroit, Houston, Little Rock, New Orleans, and Seattle, along with DEA and Burerau of Alcohol, Tobbaco and Firearms (ATF) participated in these arrests. As of June, 1985, a total of 87 Bandidos members and associates have been arrested.

During the course of the raids, 3 Chapter Presidents and 4 Sergeant-At-Arms were apprehended in the Houston, Little Rock, and Seattle Divisions. Throughout the subsequent searches, in excess of 200 firearms were seized including fully automatic weapons, handguns, shotguns, explosives, and narcotics.

Convictions of the Bandidos Motorcycle Gang members and associates continued in Fiscal Year 1986 with 7 members and 7 associates being convicted.

### HELLS ANGELS MOTORCYCLE GANG

Effective May 2, 1985, a 3-year multidivisional FBI investigative effort culminated with the simultaneous nationwide arrest of 112 Hells Angels members and associates. A total of 126 warrants were issued consisting of 98 Federal warrants which primarily charged violations of Title 21, USC, Sections 841 (a)(1), and 846, Possession/Distribution of Controlled Substances and Conspiracy, with additional charges ranging from violations of the RICO Statue to Federal firearms charges. The remaining 28 warrants were local in nature.

Of the members who were arrested, 8 were Hells Angels Chapter Presidents, 3 were Chapter Vice Presidents and 2 were Secretary/Treasurers. Search warrants were executed at over 50 locations during this effort. As a result, in excess of 250 firearms were recovered including fully automatic weapons, explosives, bombs, swords, and sabers. A computer and related software, reportedly containing records of Hells Angels activity, along with voluminous Hells Angels files and reports were also recovered.

Further, on May 2, 1985, in relation to the Hells Angels raids within the New Haven Division, a Connecticut State Trooper was shot during the course of an attempted arrest in Stratford, Connecticut. The Hells Angels associate responsible for the shooting was charged with 3 counts of felony, Attempted Murder of a Police Officer, in addition to Federal charges of narcotics violations and Assaulting a Federal Officer.

During Fiscal Year 1986, an additional 20 Hells Angels members were Federally convicted along with 48 associates.

OUTLAWS MOTORCYCLE GANG

In 1985, efforts to address the Outlaws Motorcycle Gang with the Federal RICO Statute resulted in 13 members of the Tampa and Jacksonville, Florida, Chapters being convicted and sentenced to multiple 20-year terms. These RICO-related convictions stemmed primarily from drug trafficking and prostitution.

On February 21, 1985, the Oklahoma City Division along with state and local assistance, conducted an arrest/search effort directed against the Oklahoma City Chapter of the Outlaws Motorcycle Gang. During the raid, which was conducted in concert with simultaneous raids in the Philadelphia and Sacramento FBI Divisions, a total of 8 members and associates, including a Regional President, and the Oklahoma City Outlaws Chapter President, Secretary, former Vice President and Enforcer were arrested. During the ensuing searches, including a search of the Oklahoma City clubhouse, several firearms, a small amount of drugs, and gang related books and records were seized. All 8 members or associates have since been convicted of RICO and conspiracy charges addressing primarily narcotics related offenses.

Along the narcotics line, DEA had instituted an investigation regarding drug traffickers in southern Florida. Several individuals were indicted and the trial was about to commence when the prosecution's chief witness Robert Lee Collins was murdered. This murder resulted in the dismissal of all charges by the Government. Approximately 1 year later, as a result of the RICO investigations in Tampa and Jacksonville, Florida, the murder of Collins was solved. on February 6, 1985, in local court in New Orleans, Louisiana, 2 members of the South Florida Chapter of the Outlaws were convicted of murder. The jury further found special circumstances resulting in both subjects being sentenced to death. A third member pled guilty to this murder and received a 30-year sentence at hard labor with no possibility of parole. This marked the first time that any investigation targeted against an outlaw motorcycle gang resulted in the subjects receiving the death penalty.

Fiscal Year 1986 does not have an extensive conviction rate for the Outlaws Motorcycle Gang. Only 9 associates were convicted along with 1 member who was the President of the Pittsburgh Chapter.

PAGANS MOTORCYCLE GANG

The Pagans have been the focus of a major joint FBI/DEA and local law enforcement investigative effort which resulted in the indictment of 35 high-ranking members and associates since July 18, 1984. To date, all those indicted have been convicted, including 4 top national officers of the Pagans including the Pagans National Vice-President, Donald Trott.

Fiscal Year 1986 also showed significant convictions of the members and associates of the Pagans Motorcycle Gang with 25 associates and 16 members being convicted.

The FBI is proud to consider itself part of the cooperative effort by local, state and Federal law enforcement agencies in the ongoing efforts to combat the nationwide organized crime problem represented by OMGs. The successes realized by this total law enforcement commitment underscores the necessity to combine our available resources and expertise to combat the OMG threat.

THE PIZZA CONNECTION CASE

This historic international investigation was commonly referred to by the media as the "Pizza Connection" case because the Mafia used pizza parlors throughout New York, New Jersey, Michigan, Illinois, Pennsylvania and Wisconsin to facilitate the distribution of an estimated $1.65 billion worth of heroin smuggled into this country from Sicily.

During 1980, the New York Division of the FBI was conducting several organized crime investigations regarding Sicilians who were believed to be LCN members and who were involved in various organized crime activities. During this initial phase of the investigation, it was determined that Sicilians were laundering millions of dollars out of the country and were prime suspects in the murder of Carmine Galante, the recognized boss of the Bonanno LCN Family in New York.

It was also determined that the Drug Enforcement Administration (DEA) had several major heroin-smuggling investigations which were linked to subjects identified in the FBI investigation. DEA investigations had resulted in seizures of multikilogram shipments of heroin during the 1970s, 1980, and 1981. Although DEA had conducted numerous investigations against some of the smugglers, the organization that supported them was still intact and thriving.

A joint effort was initiated against this organization by the FBI and DEA with the cooperation and support of the U.S. Customs Service, the Department of Justice, and law enforcement officials and prosecutors from Italy and Canada.

In February, 1983, arrest warrants were issued by the Italian authorities for 159 subjects for heroin smuggling and organized crime activity. DEA and FBI provided critical evidence which was utilized by the Italians in their investigation. By March, 1983, this investigation had grown in such magnitude and importance that it was approved as an Organized Crime Drug Enforcement Task Force case. The FBI had formally joined forces with DEA, the U.S. Customs Service, the ATF, the IRS, and the New York City Police Department in creating a task force comprised of nearly 120 full-time investigators working closely with Federal prosecutors.

In March, 1983, the task force installed a court-authorized electronic surveillance on the telephones at Guiseppe Ganci's residence at 67-20 78th Street, Queens, New York. This wiretap would begin providing an unparalleled series of startling revelations for investigators regarding the Sicilian Mafia and its ability to supply most of the heroin sold in the United States from 1975 to 1984.

The tape-recorded evidence soon revealed 46-year old Salvatore Catalano operating from his position of power and influence in the Bonanno LCN managing the importation of multi-kilogram quantities of high-purity heroin and cocaine from overseas sources. Once the drugs were smuggled into the United States, Catalano employed a group of major Sicilian criminals, including Guiseppe Ganci, Salvatore Mazzurco, Gaetano Mazzara, Pietro Alfano, and Francesco Castronovo, to function as primary wholesale distributors of heroin, at prices varying from $150 thousand to $180 thousand per kilogram, to a group of secondary wholesale distributors including Benito Zito, Filippo Casamento, Antonio Aiello, Guiseppe Baldinucci, Franco Marchese, the Crespo brothers, Sadid Forres, Salvatore Evola, and Girolamo Vito Palazzolo.

During the next 13 months, the FBI initiated 46 additional court-approved electronic surveillances on this major drug-trafficking group in New York City and in small towns and cities in New Jersey, Pennsylvania, Illinois, Wisconsin, New York, and Michigan. The continuing preparation of the affidavits in support of these electronic surveillances was made especially difficult because all intercepted conversations were in Sicilian and this drug-trafficking group frequently moved their communication from telephones in homes and businesses to pay telephones and back again.

Coupled with these wiretaps, a DEA undercover Agent had been able to buy heroin in kilogram quantities from one of the distributors in this organization. These undercover buys accompanied by electronic surveillance and physical surveillance began to put the pieces together. Analysis of toll records and intercepted telephone conversations led to investigations in Michigan, Illinois, and Wisconsin. The extensive wiretaps revealed that Catalano's organization in the United States and Sicily dealt with Gaetano Badalamenti, whose own organization supplied heroin and cocaine into the drug "pipeline" that flowed into New York and Chicago and throughout the country.

By 1983, Badalamenti was dealing cocaine and heroin with the New York representatives of the mainstream Mafia in Sicily. The evidence clearly established that Badalamenti's primary drug customers in New York were Salvatore Catalano and his underlings. From 1975 to 1978 Badalamenti was the head of the Mafia Commission in Palermo; the boss of all bosses in Sicily-the most powerful man in the Sicilian Mafia. Even though Badalamenti was temporarily removed from the Mafia Commission in 1978, as a result of an internal power struggle in Sicily, he continued selling and exporting drugs to his Sicilian Mafia associates in the United States.

Salvatore Catalano was entrusted by Mafia cohorts to supervise the overall money-laundering operations in New York. His controlling role was clearly observed by his personal delivery of $1.5 million in cash to an associate in Queens. That money eventually made its way through Carribean and Swiss banks to his Mafia brothers in Sicily. This shipment of money, like so many others which quickly followed, was used in part to pay Turkish-based morphine suppliers millions of dollars for thousands of pounds of heroin. Even though investigators could prove that $60 million in narcotics cash proceeds were laundered, this staggering amount of drug revenue was only a small portion of the huge assets and profits of the multinational Mafia enterprise which could be traced.

The investigation culminated during early April, 1984, with the arrest of Gaetano Badalamenti in Madrid, Spain and the subsequent arrests of Salvatore Catalano and 26 members of this international Sicilian drug network in the United States on drug, money-laundering and racketeering charges. The arrests were conducted simultaneously with the execution of search warrants at 49 locations throughout this country. The searches were conducted at the homes and businesses of members of Catalano's drug organization in the United States and produced valuable evidence which was later presented in their Federal trial. Based upon evidence gathered in this case, Italian authorities were able to arrest another 175 Mafia figures in Italy on drug-trafficking and money laundering violations. Law enforcement authorities in Switzerland subsequently indicted another 6 members of this international Sicilian drug group for money-laundering activities.

On September 28, 1985, Badalamenti, Catalano and 20 codefendants went on trial before U.S. District Court Judge Pierre N. Leval in Federal court in New York on drug, money-laundering and racketeering charges. The trial, which lasted 17 months, made its mark as one of the longest and most violent in United States court history.

On March 2, 1987, an 11-member jury announced its verdict near the end of its sixth day of deliberations. All defendants, with the exception of Gaetano Badalamenti's son, were found guilty on a variety of drug, money-laundering and racketeering charges.

These charges included the smuggling and distribution of 2 tons of heroin, the smuggling of more than 4,000 pounds of morphine base from Turkey to Sicily, and the laundering of more than $60,000,000 obtained by this organization through their heroin-smuggling activities.



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On June 22, 1987, Federal Judge Leval sentenced Salvatore Catalano to serve a total of 45 years in prison, levied a fine of $1,150,000 cash, ordered that he pay restitution of $1,000,000 cash that is to be deposited into an account administered for an approved drug addiction rehabilitation program. Gaetano Badalamenti was ordered to serve a maximum of 30 years in prison due to an existing extradition agreement the Spanish Government had with the United States when he was arrested in Spain in April, 1984.

The remaining 15 defendants were sentenced to jail terms of up to 35 years', fines ranging from $50,000 to 350,000 cash and 7 defendants were ordered to also pay restitution ranging from $200,000 to $500,000 cash to be deposited into the same account administered for a drug rehabilitation program.

The remaining defendant, Pietro Alfano, subsequently had his conviction reversed due to his being absent for almost the last month of the trial. However, rather than face a retrial, Alfano pled guilty to drug charges in Federal court.

## ASIAN ORGANIZED CRIME GROUPS

In June, 1983, the FBI began a study of the nature and extent of Oriental Organized Crime (OOC) in the United States. At that time, it was expected that this dimension of nontraditional organized crime would continue to expand with the possible concurrent displacement of other more familiar organized crime groups. For this reason, the FBI began an expansion of intelligence information in this area as well as establishing liaison with local and foreign law enforcement agencies in order to effectively deal with this emerging national crime problem.

### CHINESE ORGANIZED CRIME GROUPS

The New York Division of the FBI has been successful in the investigation and prosecution of Chinese Organized Crime Groups in the Metropolitan New York area.

In December, 1982, the New York Division initiated an investigation regarding the GHOST SHADOWS GANG. This RICO case utilized a cooperating witness and focused on murder, protection rackets, and gambling. Following 4 years of inquiry, in late 1986, 25 members of the gang were convicted on several varying counts of RICO. Among those convicted, were the founder/boss of the gang, 2 street leaders, and the treasurer. Furthermore, of those convicted, 21 pled guilty while 4 remain in the fugitive status. Sentencing occurred in January, 1987, with confinement ranging from 1 year to 24 years'.

In early 1985, the New York Division in conjunction with the Las Vegas, Los Angeles, and Houston Divisions again utilized a cooperating witness during an investigation focused on the UNITED BAMBOO GROUP. This OOC group was suspected of being involved in the murder of California journalist, Henry Liu. In addition, the United Bamboo Group was allegedly involved in the sale of narcotics and prostitution.

On July 28, 1986, 10 members and 1 associate of the United Bamboo Group were brought to trial on various counts of narcotics, RICO and firearm violations and conspiracy to violate same. On September 19, 1986, all 11 defendants were found guilty of these charges. In addition, 3 of the members were also convicted on RICO charges which included the murder of Henry Liu as a predicate crime. Sentencing occurred in December, 1986, with confinement ranging from 1 year and 3 months to 25 years'.

### JAPANESE ORGANIZED CRIME GROUPS

Japanese Organized Crime is generally known as the YAKUZA. The Yakuza, in turn, is broken into 7 major gangs. Currently, 2 of these gangs, the ICHI WA KAI and the YAMAGUCHI GUMI, have been involved in a war resulting in several retaliatory murders.

In February 1987, one such murder occurred in the Northern Marianas Islands, off the coast of Guam, covered by the Honolulu, Hawaii, Division of the FBI. The victim of this murder was Hideo Shiragami, a major official of the Ichi Wa Kai. Through FBI investigations, analysis of Shiragami's activities, interviews, review of toll records and polygraph examinations, it was determined that Shiragami's employees and traveling companions were prime suspects.

On July 25, 1987, the 3 suspects in this case were found guilty in a jury trial. Two were charged with premeditated murder and 1 with accessory after the fact. On August 27, 1987, sentencing was conducted with 1 subject received 45 years', 1 received 30 years', and the other received 15 years' imprisonment.

KOREAN ORGANIZED CRIME GROUPS

The New York Division has also been successful against a Korean Organized Crime Group, the CHUNG NYUN HOE GROUP aka KOREAN YOUNG MENS ASSOCIATION. This group has been involved in extortion, drug trafficking, and illegal gambling. It has also been alleged that they exert their control over these matters through violence within the New York Korean Community.

On June 19, 1986, 3 members of the Chung Nyun Hoe were arrested and charged with Hobbs Act violations derived from the extortion of local businessmen. On October 6, 1986, these subjects were convicted on 4 counts of Hobbs Act and 1 count of Conspiracy.

On a local level, 13 members of the Chung Nyun Hoe, including the 3 convicted of Hobbs Act, in September, 1986, were indicted on charges of kidnaping, attempted murder, extortion, and conspiracy. Additionally, 1 member was indicted for conspiracy and drug trafficking.

In view of these successful OOC cases, the FBI has placed greater emphasis on this relatively new dimension of Organized Crime in order to fully meet our responsibilities in the future. It is necessary not only to raise the level of understanding of this matter within this Bureau, but also to provide impetus to nationwide efforts to fully identify and vigorously investigate the various criminal elements depicted by these groups. The FBI intends to use its resources and capabilities, in conjunction with local authorities, to properly address this emerging crime problem.

U.S. Department of Justice

Federal Bureau of Investigation

Office of the Director

*Washington, D.C. 20535*

October 13, 1988

Honorable Sam Nunn
Chairman
Senate Permanent Subcommitte
on Investigations
Committee on Governmental Affairs
United States Senate
Washington, D.C.

Dear Mr. Chairman:

Enclosed please find my responses to questions for the record from my April 11, 1988, appearance before the Permanent Subcommittee on Investigations. Also included are responses to questions submitted by Senators John Glenn, Lawton Chiles, and George J. Mitchell.

Sincerely yours,

William S. Sessions
Director

Enclosure

1 - Honorable John Glenn - Enclosure
United States Senate
Washington, D. C.

1 - Honorable Lawton Chiles - Enclosure
United States Senate
Washington, D. C.

1 - Honorable George J. Mitchell - Enclosure
United States Senate
Washington, D. C.

ISSUE: Senator Nunn asked, "Have you had many or any joint investigations (with OLR) in the last couple of years?" (Record Q & A Nunn)

ANSWER: The FBI and OLR have worked numerous investigations together over the past few years and we have intensified our efforts to continue to do so. The following represents a portion of those cases, many of which are presently ongoing:

Miami: A 1987 indictment was returned involving a kickback scheme regarding the awarding of a multimillion-dollar contract concerning the South Florida Hotel Employee and Culinary Workers Union.

Las Vegas: Investigation continues regarding kickbacks in prepaid dental plan of the Culinary Workers Union.

San Francisco: A 1987 indictment resulted from a joint investigation regarding a payroll scheme involving the International Longshoreman and Warehouse Union (ILWU) at the Port of Sacramento.

Knoxville: Joint investigation resulted in a 1987 indictment regarding the embezzlement of union funds, commission of benefit plan assets and deprivation of union member rights, concerning the Sheetmetal Workers Union.

San Francisco: A 1987 investigation resulted in indictments and guilty pleas regarding a scheme to embezzle union funds from Local 748 of the Cannery Warehouse, Local Processors, Drivers and Helpers Union (IBT).

Boston: A 1987 indictment was returned in a joint investigation regarding a scheme utilized by present and former members of Iron Workers Local 7 in Boston involving false social security numbers and Employee Retirement Income Security Act (ERISA).

Newark: A joint investigation resulted in a 29-count indictment in 1987 relating to the embezzlement of $500,000 from Local 9 of the Hotel Employees, Restaurant Employees International Union in Newark, New Jersey.

Philadelphia: A 1987 indictment was returned charging violations of ERISA and bank fraud regarding a $500,000 embezzlement from a Pennsylvania bank and $400,000 embezzlement from 48 pension plans who were investing through the bank.

Chicago: A joint Chicago investigation into bid rigging involving a present and former officer of the Chicago Transit Authority led to a 53-count indictment charging mail fraud and bid rigging.

New York: A joint investigation resulted in the 1987 indictment of an official of Local 804 of the Teamsters Union in New York. The indictment charged violations of RICO, Taft-Hartley and embezzlement of union funds.

In addition, the FBI and OLR are presently working together on a health care fraud investigation in at least fifteen cities and districts. The investigation will have a tremendous impact in this area.

Issue:

"How much were you cut back in the last couple of years' budget from what you asked for, from what your original request was?" (Record Q & A Glenn).

Answer:

The FBI requested 130 Special Agent positions (130 workyears), 254 general support positions (190 workyears), and 99 special support positions (99 workyears) for FY 87. These requests were reduced at the Department of Justice to 254 general support positions (190 workyears) and reduced again at the Office of Management and Budget to 108 general support positions and 90 workyears. These fiscally imposed reductions were subsequently funded by Congress. The budget requests in FY 87 were combined for Organized Crime and Drug (exclusive of the Organized Crime Drug Enforcement Task Force) investigations.

In 1988, the FBI requested, through DOJ and OMB 106 Special Agent positions (53 workyears), 54 general support positions (27 workyears), and 71 special support positions (69 workyears). None of these positions/workyears were approved by Congress. The Special Agent positions were requested to support labor racketeering investigations of the La Cosa Nostra's control and domination of the Hotel Employees and Restaurant Employees International Union; the International Brotherhood of Teamsters; the Laborer's International Union of North America; and the International Longshoreman's Association. Testimony before the PSI during April, 1988 concerned the political and economic power as well as the vast source of funds available to the La Cosa Nostra from its control and domination of these unions. The La Cosa Nostra influence in these unions had been noted in 1985 by the President's Commission on Organized Crime. The general support positions requested were those required to support the investigative activities of the additional Special Agents. The 66 OCIS positions would have enabled the Organized Crime Information System (OCIS) to address the demands placed on it since 1982 when the FBI received concurrent jurisdiction in drug investigations. The requested special support positions would have relieved agent personnel of less complex matters and provided vital resources in order for the FBI to take advantage of the high speed and cost effective capabilities that automation was designed to provide.

The 1989 projected requirement for Special Agents within the FBI's organized crime program was addressed by reprogramming resources. Twenty eight general support positions have been requested to support court ordered electronic surveillance in support of the Electronic Communications Privacy Act of 1986. These personnel will relieve agents of a significant volume of less complex matters thereby enhancing their efficiency. Seven Intelligence Research Specialists (IRS) have been requested in order to provide field office and headquarters management with trend analysis, forecasts, and predictions necessary to plot the overall investigative course of action to meet the changing demands on the limited resources of the FBI.

The most current resource initiatives are in connection with the FY 90 budget process which is in its initial stages within the FBI and Department of Justice. Organized Crime resources appropriate to the program and fiscal considerations will be requested through this budget process.

ISSUE: (Senator Chiles) Well, I have introduced a series of bills, 5 or 6, in that regard, dealing with how we deport them. And we are going to hold a hearing; I think the Judiciary Committee has finally agreed to a hearing this Thursday. I would like to have you all look at the legislation, and I would like to have any comments that you may have. (Record Question and Answers - Senator Chiles)

ANSWER: Review of Senate Bills S.972 through S.976 determined that each seeks to amend provisions of the Immigration and Nationality Act. While none of the bills directly affects matters of primary investigative jurisdiction of the Federal Bureau of Investigation, all of them would benefit law enforcement in general.

Issue:

How do you determine how you will allocate resources between the Organized Crime Program and the Drug Program? (Record Q & A Mitchell)

Answer:

The FBI assesses its resource requirements based upon requests by field office management, an evaluation of the level of resource use and effectiveness within identified priority areas. This involves the continuous assessment of field offices by headquarters program managers with subsequent reviews and approvals by executive management.

The program managers evaluate the formal periodic input of FBI field offices in the context of the Organized Crime National Strategy and the National Drug Strategy and make resource recommendations, by program, to the executive management of the FBI. Drug activity by LCN families is addressed within the Organized Crime Program as a predicate offense within the purview of the RICO statute pursuant to the Organized Crime National Strategy. The program managers evaluate the level of crime problems experienced in each field office; whether other agencies are available to address the problem and to what extent; the results of intelligence assessments and what they indicate regarding these and other emerging problems; and finally, make a cohesive evaluation of the needs of that program.

The executive management of the FBI addresses these resource recommendations in light of the FBI's overall mission requirements. These recommendations are subsequently passed through the Department of Justice and the Office of Management and Budget where further reviews and adjustments by program occur. Ultimately the Congress acts upon each program resource request.

ISSUE: Senator Mitchell asked the FBI to prepare an analysis of any problems that might be created for legitimate businesses if civil forfeiture provisions are added in (to) those in which Civil RICO is used that are unrelated to the type of activity here (civil forfeiture in criminal matters). (Record Q & A Mitchell)

ANSWER: The analysis requested has been completed by the Department of Justice and previously presented to the Senate during testimony before the Senate Judiciary Committee conducting hearings on proposed Senate Bill 1523, "RICO Reform Legislation," in October 1987.

RESPONSES BY WILLIAM S. SESSIONS TO ADDITIONAL QUESTIONS

*Question.* You discussed in your statement the success of the UNIRAC investigation of LCN influence in the shipping industry and the ILA in the late 1970s. As a result of that investigation, is organized crime still a dominant force in the ILA and the shipping industry? Has its influence decreased, increased, or remained the same?

Answer. At the conclusion of the UNIRAC investigation, the FBI believed that it had dealt a crippling blow to La Cosa Nostra (LCN) influence and control over the ILA and the shipping industry. In retrospect we now realize that although we had prosecuted and jailed large numbers of labor racketeers, we had not destroyed their criminal infrastructure. We had not taken advantage of the criminal provisions of the RICO Statute, which allow for prosecution of the criminal enterprise and the seizure of the assets of that enterprise, nor did we employ the resources of the civil provisions of the RICO Statute. Therefore, the LCN has remained a dominant force in the ILA and the shipping industry.

*Question.* What kind of follow-up has been done in those areas subsequent to the UNIRAC investigation?

Answer. Labor racketeering is the highest priority in the FBI's organized crime investigative program. The FBI has identified four major unions that are substantially corrupted by the LCN. The ILA is one of those unions and as such receives continuous and requisite investigative attention.

*Question.* How important are associates to an LCN family? What are their functions or role in the family?

Answer. Associates are extremely important to an LCN family because they provide the financial, economic and business foundation. The associate can be a businessman, professional or consultant in a position to assist in labor racketeering, infiltration of legitimate business or corruption. The associate can also be, and often is, a career criminal who assists the family in performing active roles in gambling, loansharking, extortion, murder, thefts and other "street" crimes.

*Question.* Can you identify the major sources of profit to the LCN and rank them in order of importance?

Answer. The major sources of profit to the LCN in order of importance are as follows:

1. Labor racketeering and the resulting influence within the related industries.
2. The traditional crimes of loansharking, gambling, extortion, and drug trafficking.
3. Infiltration of legitimate businesses.

*Question.* You discussed in your statement and we have heard about numerous successful labor racketeering cases in recent years. Yet, in reviewing the FBI field summaries, the Subcommittee has noticed that labor racketeering, in both the labor management and benefit plan areas, has been identified as an ongoing LCN activity in the great majority of cities for which summaries were submitted, despite all the recent prosecutions. Is it realistic to believe that we will ever free the unions from the influence of the LCN?

Answer. We believe that freeing the unions of LCN control, dominance and influence is a realistic goal. A review of the FBI's investigative efforts and successes over the past decade relative to the LCN reflects a positive evolvement of investigative techniques and effectiveness. As a result, today the FBI's current Organized Crime National Strategy has as its mission the elimination of the LCN and other organized crime groups as significant threats to American society through sustained coordinated investigation that support successful prosecutive action. Central to the accomplishment of this mission are well-developed, well-coordinated RICO investigations utilizing the Enterprise Theory of Investigation. We believe that our strategy provides for an imaginative, responsive and effective investigative approach directed against the LCN, and that with enhanced legislation, sufficient coordinated resources and sustained efforts to expand our national intelligence base, it is possible to remove the influence the LCN has with unions.

*Question.* If so, how are we going to accomplish that?

Answer. We believe that we can free the unions from the influence of the LCN and we believe we can accomplish that through the effective implementation of our Organized Crime National Strategy. Our Organized Crime National Strategy calls for coordinated investigations against LCN families utilizing the Enterprise Theory of Investigation. These investigations will be prosecuted under the RICO Statute and followed up when appropriate by the civil provisions of the RICO Statute.

*Question.* You discussed in your statement the need to address the problem of emerging organized crime groups, in addition to the LCN. What, if any, evidence

have you seen of cooperation or joint efforts between the emerging groups and the traditional LCN families?

Answer. The LCN maintains a working relationship with certain other organized crime groups in order to fulfill their racketeering objectives. For example, the Gambino and Genovese Families are known to use a violent group in New York called the "Westies" who function as a "private army" for these families. The "Westies" may be called upon to carry out contract murders or provide "muscle" when necessary. The Bambino Family has reportedly utilized a group of professional burglars and armed robbers who reside and operate in New Jersey to perform armed robberies for the family. The Gambino, Bufalino and Bonanno families have strong ties to Colombian and Cuban drug cartels in the greater Miami, Florida, area which provide these families with drugs for distribution in the United States. Also, there are other incidents of isolated relationships between the LCN and nontraditional organized crime groups, such as outlaw motorcycle gangs and the Sicilian Mafia, wherein these groups are utilized in furtherance of the LCN members collect bad debts from reluctant clients. Other Hispanic and Asian groups in Los Angeles, San Francisco, Chicago and Miami have also been known to collaborate with the LCN on occasion for their mutual benefit.

*Question.* Is the FBI giving any consideration to making any nontraditional organized crime a ranking priority in its organized crime program?

Answer. Nontraditional organized crime is an investigative priority of the FBI. The Organized Crime Program is one of the priority investigative programs of the Federal Bureau of Investigation. Consequently, all subprograms within the Organized Crime Program are considered investigative priorities. Due to limited resources it is also necessary to prioritize subprograms within the Organized Crime program. Presently the subprograms of the FBI's Organized Program are prioritized as follows:

1. LCN (LCN) (a) Labor Racketeering; (b) LCN Enterprise Investigations; (c) Corruption
2. Asian Organized Crime.
3. Other significant organized crime groups.

*Question.* The drug trade by Colombian and other groups is a miltibillion-dollar industry in this country. Is it realistic to believe that the traditional LCN families will permit this kind of money-making to flourish in their cities without getting a cut of the pie?

Answer. The FBI has no information to suggest that the LCN will initiate direct confrontation with Colombian or other major drug cartels. However, it is realistic to expect that the LCN has or will develop avenues and methodology to profit from the illicit drug trade. Past investigations have shown LCN involvement in illicit drug trafficking, and that involvement is expected to increase based on the profitability of the drug trade. Historical events suggest that the LCN will profit from the lucrative drug trade whether it be through coexistence or cultivation of elements already involved in drug trafficking.

*Question.* What about involvement of the Sicilian Mafia in drug trafficking in the United States? Tomasso Buscetta, the former Sicilian LCN member who testified in the Pizza Connection case, touched on that in his testimony. How significant is the presence of the Sicilian Mafia in the United States? Is their role in the drug trade increasing?

Answer. The Sicilian Mafia is independently active in the United States and is primarily involved in drug trafficking. They have minimal involvement in other traditional criminal activity in this country. The existence of the Sicilian Mafia, although already established and criminally active in the United States, was discovered as a result of the "Pizza Connection" investigation. Beyond this initial discovery it was also determined that it is associated in some fashion with the LCN in several locales, including Buffalo, Boston, New Jersey, Chicago, and Detroit—to name a few. These Sicilian Mafia drug traffickers maintain their principal lines of communication and authority with their sponsoring families in Sicily.

*Question.* The use of the RICO Statute, in both the criminal and civil areas, is becoming more and more frequent. With its increased use, there has come increasing criticism in some quarters that it is being abused by over-eager prosecutors and plaintiffs. Would you comment on those criticisms? Do you have any suggestions for reform of the RICO Statute?

Answer. Criticisms of FBI and Government use of the civil RICO provisions in labor racketeering RICO investigations by the unions as union "busting" may be the result of misunderstanding, self-interest, misplaced loyalty, or rootless anxiety on the part of some. Examination of the results of completed investigations and under-

standing of the role of the Government and the FBI, in such cases, should serve to demonstrate the lack of substance in such criticisms.

A key area of reform of the RICO Statute is to have a civil forfeiture provision which would permit law enforcement to more effectively and efficiently penalize those engaged in, or otherwise involved in, racketeering activities. One of the most potent and effective criminal penalties under RICO is the forfeiture of the convicted individual's property used to violate the law, or which was derived from the violations of the law. However, the civil remedies under RICO do not permit the forfeiture of any such property. In contrast, the Controlled Substances Act, as well as the Child Protection and Money Laundering Control Acts, provide for both criminal and civil forfeiture of such property. By providing both criminal and civil forfeiture penalties, these Acts permit law enforcement to seize and forfeit a larger percentage of property which has been used to violate the law or which was derived from violations of the law and to decide how the seizure and forfeiture of such property can best be accomplished.

In order for property to be criminally forfeited, law enforcement must establish beyond a reasonable doubt that the owner of the property has violated the law and that the property is subject to forfeiture. For civil forfeiture purposes, law enforcement need only establish probable cause to believe the property is subject to forfeiture. Therefore, if the ownership of property cannot be conclusively established by the Government; if the owner of the property was aware of, or facilitated, but did not commit, a violation of the law; or, if it can only be established by a preponderance of the evidence that the owner of the property violated the law and the property is subject to forfeiture, the property could not be criminally forfeited but could be civilly forfeited pursuant to a civil forfeiture statute.

Furthermore, it is difficult to seize or to restrain property which is being criminally forfeited prior to the conclusion of the criminal proceeding. On the other hand, property subject to civil forfeiture can be and usually is seized at the commencement of the civil forfeiture proceeding. This greatly reduces the risk that property subject to forfeiture will be destroyed, placed beyond the jurisdiction of the court, transferred to a third party, commingled with other property or diminished in value.

*Question.* Has the use of Civil RICO Statute been instituted, as a matter of FBI policy, as a natural extension of all FBI criminal RICO investigations regardless of the type of organized crime groups?

Answer. It is not FBI policy of use the Civil RICO Statute as a natural extension in all FBI criminal RICO investigations regardless of the type of organized crime group. The decision to employ the Civil RICO Statute will be made when appropriate and on a case-by-case basis. For example, a civil RICO is less likely to be brought as a follow-up to a criminal RICO prosecution brought against an automobile theft ring. It is more likely to be brought as a follow-up to a criminal RICO prosecution of an LCN Family that has gained control of a labor union or an industry. The type of organized crime group is not what determines whether or not the provisions of the Civil RICO Statute will be employed, but rather the degree to which that organized crime group has infiltrated legitimate labor unions, business, and/or industry.

*Question.* In view of the FBI's successes against organized crime—using fewer human resources and given your commitment to maintaining organized crime as a top FBI priority—are you contemplating raising the FBI Agent complement targeted against organized crime?

Answer. The recent successes against the LCN are unprecedented. Much of the hierarchy of the five New York LCN Families, as well as other LCN families, have been indicted and convicted. However, the criminal activities or an LCN family do not stop simply by convicting and incarcerating the upper echelon. Their positions are filled by subordinates, often acting as figureheads who maintain contact with their jailed superiors. In addition, an often discounted segment of the LCN are the countless criminal "associates" who operate with or at the behest of the LCN. This association can vary in degree, but the common thread is that these individuals work for the financial benefit of the family. The Federal Government must pursue the opportunities that are now available in order to follow through and render ineffective these criminal enterprises.

Investigative and prosecutive successes have also confirmed a nationwide organized crime influence in many industries through local or national control of labor unions. Beginning with LCN labor racketeering investigations, which are the top priority within the Organized Crime Program, the FBI has a number of investigations underway, both civil and criminal, which when concluded are expected to have a crippling and long-lasting effect on the LCN. The much publicized report issued by

the President's Commission on Organized Crime confirmed what FBI investigations had previously shown. That is, through control of unions, the LCN gains political power, economic power and a vast source of funds from which they can finance other illegal activities.

I intend to request additional resources, both Agent and necessary specialized support for our organized crime automation initiatives, through the budget process, in order to assure that the FBI's successes against organized crime continue and that our efforts have a lasting effect on these criminal entities.

*Question.* Has the FBI been able to keep abreast of the technological advances in telecommunications and electronics so as to effectively combat their use by the criminal element?

Answer. "Generally yes. Following are examples":

The FBI's Organized Crime Section (OCS) and the Technical Services Division (TSD) regularly assist one another in the development and refinement of computer systems. This effort maximizes the collection, analysis and dissemination or organized crime information and the management of the Organized Crime Program in order to avoid unnecessary expenditure of resources and provides analysis to the field for investigative focus. These systems include the Organized Crime Information System (OCIS), Artificial Intelligence (AI), the Resource Management Information System (RMIS) and the Field Office Information Management System (FOIMS).

Cellular telephones and telephone pagers (beepers) provide investigators and managers with an important and continuous communication link which has significantly increased the effectiveness and efficiency of FBI operators. The FBI has increased the procurement and installation of voice privacy radio equipment and secure telephone facilities in an accelerated manner due to the prolific use of radio scanner and other sophisticated equipment by criminals and foreign agents to intercept FBI communications. The TSD examines new commercially developed and marketed technical equipment that may adversely affect the FBI's ability to conduct its investigations.

Organized crime cartels also closely monitor developments in communications technologies not only as a means of enhancing the effectiveness and efficiency of their illicit operations, as evidenced by their widespread use of cellular telephones, telephone pagers, and call forwarding, but also in a continuing attempt to neutralize the technology utilized by law enforcement. It is therefore necessary for us to remain cognizant of technological advances in equipment capable of impeding law enforcement efforts, and conduct the research necessary to protect the integrity of our investigative operations.

*Question.* Have the recent FBI successes against organized crime bolstered the FBI's ability to recruit informants?

Answer. Yes. This year the FBI is conducting suitability inquiries on 35 percent more potential organized crime informants than we conducted last year. This is considered to be a direct result of the FBI's recent successful efforts against the LCN.

The particular area where the FBI has become even more successful is in developing cooperating witnesses (CWs). A CW is an individual who cooperates in an investigation and who has agreed from the inception of that cooperation to testify in court.

Prior to 1986 only three LCN members voluntarily cooperated with the Federal Government and testified about their criminal acivities and the criminal activities of others as well as furnishing information about the LCN. Those three LCN CWs were Joseph Valachi, Aladena Fratianno, and Angelo Lonardo.

Since late 1986, two more members have become CWs. They are Thomas Del Giorno, a former capo in the Philadelphia LCN, and Nicholas Caramandi, a soldier in the Philadelphia LCN Family. Several other LCN members have expressed an interest in cooperating but the terms of their cooperation has yet to be finalized.

*Question.* In view of the many recent drug-related convictions of LCN members and associates, are LCN drug trafficking cases incorporated into a family enterprise investigation, or are they investigated as a separate drug violation?

Answer. Either approach can be and has been used successfully. However, when investigating traditional LCN families, it is preferable to expose the broad scope of their illicit activities by utilizing the Enterprise Theory of Investigations. The goal is to effectively attack the enterprise, rather than to focus on individual members or groups of members involved in a specific crime, or in a series of similar crimes.

The RICO Statute was specifically drafted for that purpose, and it has been extremely successful. Drug violations are used as one of the requisite predicate offenses in order to establish a clear pattern of racketeering on the part of the enterprise. The hierarchies of LCN families generally insulate themselves well from

direct involvement in criminal acts and the enterprise theory of investigation makes them much more vulnerable.

Colombian, Sicilian and Mexican drug cartels, which are involved almost exclusively in illicit drug trafficking, dictate a far more selective investigative approach.

*Question.* In your statement, you mentioned that several prospective witnesses have refused to enter the Witness Security Program. Have these types of refusals increased in recent years and, if so, why?

Answer. The Witness Security Program (WSP) was established in 1970, and since the FBI began to keep statistics, there have been 103 LCN members or associates who have opted for this program. Refusal to enter the WSP is dependent upon the individual's personal nature, life style and familial relationship. Refusals have remained relatively level in recent years.

*Question.* Do you believe that, in certain cases involving LCN protected witnesses and where use of the Witness Security Program is not feasible, the FBI should be provided with monies to relocate these witnesses? Would such a provision offer an added enticement to future LCN members or associates to testify for the Government or to become FBI informants?

Answer. People who refuse to enter the WSP do so for a variety of reasons, mostly personal in nature (i.e., significant change in life style, reduced contact with relatives and friends, refusal of family members to relocate, etc.). None of those situations would change if the FBI were to administer the program. What the FBI needs, is increased funding for protection and subsistence of witnesses prior to their entry into the WSP.

It is sometimes necessary for the FBI to maintain custody of certain witnesses for brief periods. Some have information of value to many different FBI field divisions. Each of those field divisions requires ready access to such witnesses so they can be questioned concerning knowledge of LCN activities in that particular division's territory. It is much easier to coordinate such questioning if the FBI maintains control of the witness during the time required to fully debrief the witness. Again, this sometimes involves a considerable expenditure of funds.

In the past two years the FBI has expended $450,000 per year for witness protection and expects to expend approximately $750,000 in the coming year. Such expenditures have thus far been obtained from funds originally designated for other operational matters.

*Question.* During these hearings, we have heard testimony regarding the human cost of a long-term, RICO-type investigation. A part of this human cost is due to "burn out." Can a commitment of more manpower dedicated to the FBI's Organized Crime Program alleviate some of this human cost?

Answer. The intensive efforts and dedication required of investigators in long-term RICO-type investigations inevitably does lead to emotional and physical stress and can result in "burnout." Some stress, of course, is unavoidable, particularly in the law enforcement profession. The extensive nature of the work required in the investigation of an LCN family enterprise includes numerous Title IIIs, the use of undercover operations, surveillance, the development and handling of cooperating witnesses, the proper use of informants and the coordination and collation of the investigative data to support spin-off investigations, search warrants and prosecution. The Agent's work does not end with the conclusion of the investigative phase of the case but extends into preparation for trial and testimony involving the detailed review and collation of evidence developed over a long period of time.

While stress cannot be entirely eliminated, there are some things we can do to alleviate extreme stress and control Agent "burnout." The increase of investigative resources and support resources to these investigations would aid in alleviating the extended work hours and in handling and processing the monumental detailed information gathered in these cases. I intend to request, through the budget process, the resources necessary to properly address these long-term RICO investigations, particularly with respect to LCN matters. In addition, the Electronic Communications Privacy Act of 1986 contained provisions which will permit noninvestigative support personnel to monitor ongoing electronic surveillance under the direction of law enforcement personnel. These provisions would allow the investigator to be relieved of the intense but routine tasks of monitoring, preparing drafts of transcripts, analyzing and collating relationships and disseminating and coordinating intelligence data with respect to the Title IIIs in LCN labor and family enterprise cases. I will request the appropriate level of support in this area through the budget process.

*Question.* Evidently a major source of the LCN's illegal income is derived from gambling. We have been told that pure gambling investigations are often difficult to get prosecuted, due to a general opinion among prosecutors, the judiciary, and the

public that gambling is a victimless crime that lacks jury appeal. Do you believe that law enforcement needs to reemphasize gambling investigations or do you believe that gambling can be adequately addressed via the RICO Statute?

Answer. LCN families are involved in a myriad of illegal activities. Gambling is only one aspect, however, it remains a major source of income and should be addressed.

Your observations regarding gambling prosecutions are accurate. Historically, independent gambling investigations and prosecutions consumed an inordinate amount of our limited resources, lacked jury appeal, resulted in minimal sentences, and had no significant impact on the LCN. Successful utilization of the RICO Statute has led to a major change in our investigative philosophy. Concentrating on a single activity such as a large scale gambling operation is neither efficient nor effective. Analysis of our most effective prosecutions led to the development of what we refer to as the "Enterprise Theory of Investigations."

The RICO Statute allows for the establishment of a pattern of racketeering on the part of a criminal enterprise, and exposes the leaders of that enterprise to prosecution, in that they direct, manage or control the overall activities of that criminal organization, and derive benefits from their illicit activities. Illegal gambling is one of the predicate offenses enumerated in the RICO Statute, and is frequently used as such. In short, the Congress has built us a better mousetrap. Juries get a much clearer understanding of the overall menace presented by the LCN when they are exposed to the broad spectrum of their illicit activities, and the Courts have responded with appropriate penalties.

The civil provisions of the RICO Statute also permit the seizure of assets obtained through the illegal activity, which is probably more damaging than incarceration to the future of the LCN as we know it.

*Question.* Former FBI Agent Joe Pistone operated in an undercover capacity within the mob for nearly seven years. Obviously, that kind of long-term assignment must have significant costs, from a personal standpoint, to an Agent. What steps has the Bureau taken to minimize any adverse effects on an undercover Agent who is assigned to a long-term undercover operation?

PRIOR TO SELECTION

Answer. In order to avoid our Undercover Agents (UCAs) developing psychological problems associated with stress, the FBI developed what is known as our Psychological Safeguard Program in 1983, and we have continued to develop and refine it since then. A summary of this program is as follows:

(1) UCA candidates are carefully screened by field office management and FBIHQ officials prior to voluntarily entering the pool of UCA candidates. Field office management is instructed to assess a candidate's maturity, stability, dependability, and professionalism prior to recommending him/her for inclusion in the program.

(2) Proposed UCAs are required to attend a two-week training seminar held at the FBI training academy. This seminar exposes the UCA to videotaped role playing, legal instruction, moot court exercises and psychological tesing to further evaluate the candidates.

(3) Group I undercover operation (UCO) proposals are evaluated by the Criminal Undercover Operations Review Committee (CUORC). This evaluation focuses on such things as the propriety of the use of the undercover technique, the scenario, the budget, the potential for civil liablity, etc., but an equally important function is to consider and review the role of the UCA.

(4) Once the UCO is approved by the Assistant Director or Director, a Supervisory Special Agent assigned to the Undercover and Sensitive Operations Unit (USOU) at FBIHQ is tasked with identifying qualified UCA candidates, and sending them to the respective field office for an assessment by that field office's senior personnel.

(5) Those senior field personnel vigorously question the potential UCAs concerning their personal situation, motivation and experience and attempt to paint a realistic picture of the potential psychological impact of the proposed assignment on the UCAs.

AT THE CONCLUSION OF LONG-TERM UNDERCOVER OPERATIONS (UCO)

At the conclusion of a long-term UCO, the UCA is afforded a debriefing interview. This consists of the following:

(1) What went well and what did not go well during the UCO.

(2) Whether any personal problems exist.

(3) What are the career goals, expectations and preferences of the UCA.

(4) The need for "refresher/reorientation training" at Quantico to prepare the Agent for field assignment.

(5) To provide an opportunity for emotional decompression with particular emphasis on any real or perceived concerns that the UCA may have upon returning to work.

(6) If there are any real or perceived concerns, the UCA is afforded psychological evaluation by trained professional medical personnel coordinated by the FBI Behavioral Science Unit at Quantico, Virginia.

After four to six months, the UCA is afforded a follow-up interview. The purpose of this follow-up interview is three fold:

(1) To determine the attitude of the UCA toward the judicial outcome or status of the case;

(2) To determine if there have been any problems encountered during the transition from undercover work to more traditional investigative assignments; and

(3) To ensure that the UCA's behavior patterns have not dramatically changed prior to, during or after the UCO.

*Question.* In view of the success of the New York FBI/New York City Police Department Task Force, is the FBI instituting similar operations in other major cities that have an organized crime problem? What are the benefits and/or liabilities of the task force concept?

Answer. The task force operations in New York are well known because New York City continues to be the hub of LCN activity, and media coverage is so extensive, however, it is not at all unique to New York. Philadelphia for example has had a highly successful task force on organized crime in operation for more than four years. As a result, virtually the entire hierarchy of the Philadelphia Family is currently incarcerated, or awaiting prosecution on RICO charges. In addition, the task force concept is currently being utilized in Chicago, San Francisco, Dallas and Houston.

Parochialism has no place in law enforcement if we expect to succeed. It is imperative that we combine all of the available knowledge, experience, and expertise in a well coordinated plan of action. The results of past efforts speak for themselves.

There are some inherent problems in forming task forces, but most of them are logistical or administrative in nature, and can be overcome if the participants are committed to the overall objective. Objectives must be clearly defined, personnel carefully selected, work space provided, lines of authority established, and financing secured. Trust and confidence among the participants, which is essential to success, is not something that can be issued to them, or mandated by their parent agencies, but is something that develops over time, as professionalism overtakes institutionalism. I can conceive of no liability in combining law enforcement's best talent to address society's most serious problems. Indeed we would be remiss to do otherwise.

*Question.* You have mentioned the success of the Task Force approach in enlisting the expertise of many different agencies in attacking organized crime. What about the Internal Revenue Service (IRS)? Have they been an active part of Task Force efforts against organized crime?

Answer. The IRS played an extremely active part in successful Task-Force-type investigations of the LCN. Recently the IRS, Broward County Sheriff's Office in Florida, New Jersey State Police and the Miami Division of the FBI conducted a joint investigation which resulted in the conviction of Joseph Dominick Paterno (deceased), a Gambino LCN Family capo, and several Gambino associates. IRS also played an important role in the "Pizza Connection" case. The FBI relies on IRS expertise in organized crime cases involving money laundering, gambling, bank frauds and embezzlement, and drugs. IRS has participated and continues to participate in other successful investigations in Miami, New York, St. Louis and other major cities.

*Question.* In your testimony, you stated that the FBI has developed and is implementing a national organized crime strategy. Please explain that strategy, and tell us what has been done to implement it. What are its aims?

Answer. The LCN is comprised of 25 families throughout the Nation. It has been established that LCN families interact frequently with one another in conspiracies to commit crimes. This is one of the primary reasons the LCN has successfully established a strong power base through its national control and influence of certain labor unions and businesses.

The FBI's Organized Crime Program mission is to eliminate the LCN and other organized crime groups as significant threats to American society through sustained coordinated investigations that support successful prosecutive action. Unprecedented investigative and prosecutive successes against the LCN and other significant organized crime groups have provided the FBI with the opportunity to implement an

Organized Crime National Strategy which will enhance the FBI's efforts in the accomplishment of its Organized Crime Program mission.

On December 11, 1987, the FBI announced its national strategy which will be implemented through the accomplishment of the following objectives:

(a) RICO investigations directed at each LCN family's illegal activities utilizing the "Enterprise Theory of Investigations."

(b) A multidivisional approach that will require respective field offices to initiate, with one another, an investigative plan to address the interaction and conspiratorial activities of the LCN families.

(c) The undertaking of nationally coordinated criminal and civil RICO investigations to obtain evidence of the criminal relationships the LCN has established with certain labor unions.

(d) The enhancement of the national intelligence base and appropriate analysis of information pertaining to the LCN and other organized crime groups. The findings will be published with appropriate taskings to address newly developed trends.

(e) Proper utilization of available resources.

(f) The requirement that all field offices, in the area of which an LCN family or other significant group is engaged in criminal activity, fully participate in the implementation of this strategy.

Since implementing this strategy, FBIHQ has stressed that each filed division will specify how each of their offices' LCN families or LCN presence interrelate criminally with other offices' LCN families and, in particular, to the LCN as a national criminal enterprise. Conferences have been and will continue to be held among appropriate field divisions having mutual criminal investigative interests to formulate investigative plans that will be submitted to FBIHQ. These investigative plans will be developed in consultation with U.S. Attorneys, Strike Force Chiefs or their representatives for their concurrence and input.

*Question.* Please furnish the Subcommittee, as requested by Senator Glenn during your testimony, the "wish list" of legislative changes and modifications which might be helpful to law enforcement.

Answer. The following is a list of specific legislative proposals which are under consideration as items which could enhance the FBI's investigative effort against organized crime. When the review and clearance process is finished, complete proposals may be forward to the Congress.

1. Amend RICO to allow civil forfeiture of property and immediate receivership or seizure of such property at the commencement and during the pendency of the civil forfeiture proceeding;

2. Amend RICO to allow seizure of property which may be the subject of forfeiture at the commencement of criminal RICO proceedings;

3. Amend Title 29, United States Code (U.S.C.), Section 186, (Taft-Hartley Act) and Title 18, U.S.C., Section 1954, to cover attempts and conspiracies to give or accept corrupt payments to influence the operation of employee benefit plans and labor organizations. Allow prosecution of an attempt to pay a person who only appears to hold a status required for receivers or who purported to exercise influence over employee benefit plans or labor organizations because that person was, or was cooperating with, a Federal law enforcement officer, or during the course of a law enforcement undercover operation. A new class of receivers would be added to both statutes in order to expressly prohibit corrupt payments to persons who have actual or apparent influence or decision-making authority with respect to benefit plans or labor matters, but who do not occupy the capacities required by current law for receivers such as La Cosa Nostra members;

4. Amend Title 18, U.S.C., Section 1952 to make it a violation to transport illegal proceeds derived from criminal acts committed *on foreign soil* into the United States;

5. Amend Rule 6 (e) of the Federal Rules of Criminal Procedure to relax its severely circumscribed disclosure restrictions;

6. Amend Title 28, U.S.C., Section 524, (c) to permit the use of the proceeds of forfeited property to support FBI investigations (e.g., cooperating witnesses, automation initiatives, etc.);

7. Provide legislation to allow the FBI to lease space without disclosing the Government's involvement;

8. Provide legislation to allow the FBI to obtain an administrative summons without going through the grand jury processes;

9. Provide legislation to allow the FBI to open checking accounts in UCOs without obtaining Department of Justice exemptions;

10. Provide legislation to allow the FBI to use appropriated funds to establish proprietaries in UCOs without exemptions;

11. Amend Title 18, U.S.C., Section 1963, (RICO), to provide for a life sentence for conviction of RICO involving murder as a predicate offense;

12. Amend Title 18, U.S.C., Section 1951, to permit the Federal prosecution of significant extortionate violence that is calculated to obtain property in a labor dispute. Such an amendment would overturn the decision of the Supreme Court in *U.S.* v. *Enmons* which greatly restricted coverage of the Hobbs Act over labor management violence;

13. Provide legislation to require ERISA-covered employee benefit plans to provide more detailed information concerning plan financial condition and activity to the IRS and DOL;

14. Provide legislation to require LMRDA-covered unions to provide more detailed information concerning union financial condition and activity to the DOL;

15. Provide legislation which would require all Labor-Management and Disclosure Act covered unions to identify all unions, officers and union employees that are convicted felons; and

16. Provide legislation which would require all ERISA-covered employee benefit plans to identify all plan officers, plan employees, third-party administrator management officials, fund consultants, and service provider management officials who are convicted felons.

*Question.* Please furnish the Subcommittee, as requested by Senator Mitchell during your testimony, your opinion as to how we can best allocate our national resources to combat drug trafficking in this country.

Answer. Through a national coordinated effort, there has been progress in the war on drugs. However, drugs remain plentiful despite law enforcement's best efforts due to the high demand for these controlled substances by the user population. Strong drug education, drug awareness programs, and drug treatment efforts are key steps, which, over time, will greatly enhance law enforcement efforts at addressing the drug abuse problem in the United States.

The FBI has made great progress in identifying the most sophisticated drug-trafficking organizations, developing a strategy to address them, and efficiently and effectively investigating them with the limited resources at its disposal.

The FBI's National Drug Strategy concentrates investigative resources on the highest levels of drug cartels located in geographic areas identified as key importation and distribution centers.

Progress can also be expressed in the coordinated efforts of the FBI and the Drug Enforcement Administration (DEA) where both agencies combine their respective investigative expertise to synergize the Federal drug enforcement effort. In addition to their involvement in Organized Crime Drug Enforcement Task Force (OCDETF) cases, the FBI and DEA have adopted a Joint Drug Plan (JDP) to assist in identifying, targeting, and addressing major drug-trafficking organizations within a specific region of the country.

The drug-trafficking and drug abuse problem facing the United States is of such magnitude, that it will not be solved by investigative agencies alone. Long-term success will require a comprehensive program of both supply and demand reduction.

In January 1988, the FBI and DEA adopted to JDP to jointly identify and target major Colombian/South American and Mexican drug-trafficking organizations in Chicago, Houston, Los Angeles, Miami, New York and San Diego. These organizations are being addressed through investigations conducted on a long-term, sustained basis using extensive electronic and physical surveillance coverage and sophisticated undercover investigative techniques. JDP's are viewed as important mechanisms for addressing major drug-trafficking organizations in a given region using the combined talent and experience of both the FBI and DEA. The JDP is closely aligned to the National Drug Policy Board strategies and coincides with the goals and objectives of our NDSD.

The FBI is also an active participant in the Department of Justice OCDETF Program. This program's mission is to identify, investigate and prosecute high-level members of drug-trafficking organizations by adding new Federal resources and fostering interagency coordination and cooperation, bringing together the combined expertise and unique abilities of Federal, state and local law enforcement.

The FBI's goal is to address the highest levels of drug-trafficking organizations. This is ambitious. In order to accomplish this goal we must expand our intelligence base, intensify our seizure and forfeiture initiatives, and continue our efforts to identify illicit drug enterprises. All of these require the commitment of additional resources.

The drug-trafficking and drug abuse problem facing the United States is of such magnitude, that it will not be solved by investigative agencies alone. Long-term success will require a comprehensive program of both supply and demand reduction.

*Question:* Please furnish the Subcommittee, as requested by Senator Mitchell during your testimony, an analysis of any problems that might be created for legitimate businesses if civil forfeiture provisions are adopted by criminal RICO actions, allowing the Government to seize and protect assets early in the proceedings.

Answer: The forfeiture of particular, identified types of property engaged in or acquired by particular, identified illegal activity, in a manner similar to that authorized by the provisions of Title 21 U.S.C., would not unduly interfere with legitimate business interests. As long as a statute identifies specific property subject to forfeiture, and sufficiently connects that property with the illicit conduct generally prohibited by the statute—usually by finding the property is substantially connected with or is an active aid to the illegal activity—the remedial sanction of a civil forfeiture is accomplished without unduly interfering with the property interests associated with legitimate business enterprises. A generally worded provision however, encompassing property interests in a broad, nonspecific manner such as, "all property, real or personal, tangible or intangible, or any interest therein," combined with similarly broad language describing the prohibited activity such as "used to commit or to facilitate the commission" would predictably result in the seizure and forfeiture of interests difficult to identify, segregate, or partition. This is especially true with regard to on-going businesses which engage in legitimate activities as well as illicit ones.

The particular distinctions separating a civil forfeiture from a criminal forfeiture are attributable to the differences between the *in rem* and the *in personam* proceedings with which these types of forfeitures are pursued. The lower quantum of evidence necessary to succeed in a civil forfeiture is generally supported by the focus of the *in rem* proceeding on the specific property involved rather than on the guilt of the owner which is the threshold required for the more punitive sanction imposed by a criminal forfeiture in an *in personam* proceeding. Through the jurisdiction of the court over the person convicted, there exists adequate judicial authority for the segregation, division, or partitionment of sophisticated ownership interests often found in on-going business enterprises.

This analysis was previously requested and was completed by the Department of Justice and previously presented to the Senate during testimony before the Senate Judiciary Committee conducting hearings on proposed Senate Bill 1523, "RICO Reform Legislation," in October 1987.

*Question:* Deputy Inspector General Raymond Maria, when questioned by the Subcommittee staff, stated that one of the greatest costs of the aborted Presser investigation was its long-term effect upon his and the entire Government's labor managment racketeering program. Maria indicated that the basis of his response was the cost of the lost investigative opportunities to the Government. While the Labor Department was devoting its resources (estimated 22,120 manhours) on the ghostworker case, they were constrained from investigating other allegations of labor management racketeering. Maria could not quantify this cost but added that it would take a great deal of time to make up for the wasted time and resources expended on the Presser investigation. Do you agree with this analysis? How do we avoid this in the future?

Answer: The DOL established its own investigative priorities when the decision was made to dedicate Cleveland DOL resources to the "Ghost Employee Case." Since indictments were obtained against the investigative targets this effort cannot be characterized as a "waste of time." A subsequent review of agency roles in this investigation indicates the lack of effective coordination between the DOL, FBI, and Cleveland Strike Force delayed the prosecutive decision but did not hinder the investigative effort. The burden created by this ineffective coordination has been carried by the Cleveland Strike Force in altering the prosecutive strategy.

It is hoped that this type of situation will not reoccur because of the close liaison and coordination established by management of the FBI and DOL in Cleveland with the counsel of the Cleveland Strike Force. At the present time, the FBI and DOL are pursuing joint investigative objectives in Cleveland using the task force concept.

U.S. Department of Justice

Federal Bureau of Investigation

*Washington, D.C. 20535*

STATEMENT

OF

OLIVER B. REVELL

EXECUTIVE ASSISTANT DIRECTOR - INVESTIGATIONS

FEDERAL BUREAU OF INVESTIGATION

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

COMMITTEE ON GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

WASHINGTON, D. C.

APRIL 11, 1988

Mr. Chairman and distinguished members of the committee:

I am pleased to appear here today to offer testimony regarding the FBI's efforts against organized crime groups and to attempt to place in some historical perspective how our program has developed over the past three decades. I have had the opportunity to directly participate in this effort for the past 23 years as an investigator, supervisor and for the last nine years as one of the officials charged with the direction of this program at the headquarters level. My comments will attempt to place in context the evolutionary process that our Organized Crime Program has gone through to the point where it has reached what I believe to be the most successful effort ever mounted against organized crime.

The term organized crime is properly used to describe a variety of criminal cartels in the United States; however, La Cosa Nostra is the most notorious. It is an insidious cancer that saps the strength of our society, threatens the integrity of government, causes taxes to go up, adds to the cost of goods we buy and jeopardizes our personal safety. Labor racketeering, drug trafficking, gambling, loansharking, murder, kidnaping and extortion are the stock in trade of organized crime.

Profits generated by organized criminal activities are often funneled through elaborate money laundering schemes, into otherwise legitimate businesses. These businesses have an edge over their competitors who must worry about profit margins,

overhead costs and repaying bank loans. In a very real sense, organized crime touches every citizen in America.

My comments will concern the problem area we refer to as traditional organized crime in the United States. This is not to suggest that the FBI is not fully cognizant of the tremendous threat to our Nation that illicit drug trafficking poses and certainly the Mexican, Colombian and Sicilian drug cartels are extremely well organized criminal enterprises. We have actively pursued organized crime groups in the broader context since 1980. This includes not only La Cosa Nostra but outlaw motorcycle gangs, oriental organized crime groups particularly the Japanese Yakuza and the Chinese Triads as well as emerging organized crime groups such as Vietnamese, Russian and Jamaican organizations that have become active in the recent past.

In response to the severity of the drug problem and the high priority given to drug enforcement by the FBI, we have established a Drug Section to direct and coordinate this program at FBI Headquarters and have dedicated over 1,000 Agents to the effort against organized drug trafficking groups. The indictment and arrest of over 200 members of the Sicilian Mafia for heroin trafficking in the United States and Italy on March 31, 1988 is but the latest example of our efforts in this regard. Significant progress has been made in this effort through cooperative efforts with the Drug Enforcement Administration and numerous other Federal, state and local law enforcement agencies. We would welcome an opportunity to provide an overview of our Drug Enforcement Program and the national strategy we have

developed at a future hearing.

Perhaps history will record that the beginning of the end for La Cosa Nostra occurred on November 14, 1957 in upstate New York when Sergeant Edgar Crosswell of the New York State Police detected and reported a large meeting that was taking place on the estate of Joseph Barbara in Apalachin, New York. Fifty-nine men, all with extensive criminal records and all suspected of involvement in "mob" activities, were identified as attending this meeting.

It was this gathering of "mobsters" from around the country that prompted many in law enforcement, including then FBI Director J. Edgar Hoover[1] to accept the findings of the Kefauver Committee issued in 1951. The committee concluded:

1. There is a nationwide crime syndicate known as the Mafia, whose tentacles are found in many large cities. It has international ramifications which appear most clearly in connection with narcotics trafficking.
2. Its leaders are usually found in control of the most lucrative rackets in their cities.
3. There are indicators of a centralized direction and control of these rackets but leadership appeared to be in a group, rather than in a single individual.

1 Comment of J. Edgar Hoover to Oliver B. Revell, February 8, 1971. See "The Many Faces of Organized Crime," "The Investigator's Journal," Volume II, 1986, pages 17-18.

4. The Mafia is the cement that helps to bind the syndicate of New York and the syndicate of Chicago as well as smaller criminal gangs and individual criminals throughout the country.
5. The domination of the Mafia is based fundamentally on muscle and murder. The Mafia is a secret conspiracy against law and order which will ruthlessly eliminate anyone who stands in the way of its success in any criminal enterprise in which it is interested. It will destroy anyone who betrays its secrets. It will use any means available - political influence, bribery, intimidation, etc., to defeat any attempt on the part of law enforcement to touch its top figures or to interfere with its operations.[2]

Continuing public exposure of these criminal enterprises prompted the Congress at the behest of the Kennedy Administration in 1961 to enact the first legislation providing the Justice Department and the FBI with laws specifically designed to combat organized crime. These statutes included Interstate Transportation in Aid of Racketeering and Interstate Transportation of Wagering Information. Based upon this legislative authorization as well as additional resources provided, the FBI undertook to formalize its Organized

2 Senate Special Committee to Investigate Organized Crime in Interstate Commerce, Third Interim Report, S. Rep. No. 307 82nd Congress, 1st Session 150 (1951).

Crime Program. From 1957 to 1961 the Bureau's efforts were primarily in the collection of criminal intelligence on the various organized crime groups which had been identified by the Kefauver Committee and law enforcement agencies including the Federal Bureau of Narcotics. Although significant progress was made against specific organized crime members including many in leadership positions utilizing these laws, more powerful statutory tools were required to penetrate the veil of secrecy and code of "omerta" surrounding the activities and the very existence of La Cosa Nostra.

In 1967 the President's Commission on Law Enforcement and Administration of Justice issued a Task Force Report on Organized Crime. This report advocated development of a national strategy against organized crime including a number of legislative proposals to enhance the ability of law enforcement to collect and present evidence. This report provided impetus to the passage of the Omnibus Crime Control and Safe Streets Act of 1968, Title III of which gave the Federal Government authority to conduct electronic surveillance under court order. In addition, recommendations of the President's task force were later implemented in the Organized Crime Control Act of 1970 which included the now famous Racketeer Influenced and Corrupt Organizations (RICO) Statute, our most comprehensive and powerful statutory tool in combating organized crime.

There is no question that prosecutions of La Cosa Nostra leaders have been unprecedented in the last several years. In view of the fact that the two key statutes described above

have been in effect for nearly 20 years, the question is often asked, "Why the sudden success?" There are a number of factors contributing to this apparent sudden turn of events.

First and foremost, the innovative nature and complexity of these statutes, particularly RICO, dictated that prosecutors and investigators develop a thorough comprehension of the utility of the legislation and the adverse impact it could have on illicit organizations such as La Cosa Nostra. Since there were no precedents for the courts to consider in these matters, presentation of the initial cases was most critical and time-consuming.

Second, effective use of these statutes necessitated a courageous change in the application of scarce human resources within the Bureau. Historically, annual budget requests submitted by the FBI to the Congress were supported by impressive statistical accomplishments such as indictments, convictions, fines, savings and recoveries. In 1971, the FBI undertook on behalf of the newly arrived Nixon Administration a "massive crackdown" on organized crime. We hired an additional 1,000 Agents and conducted thousands of investigations geared primarily to the La Cosa Nostra controlled illicit gambling activities in the United States. Our efforts resulted in thousands of convictions but, unfortunately, very little lasting impact on the La Cosa Nostra or even the level of illegal gambling activity in the United States. Later analysis showed us that while gambling indeed had provided the major source of revenue for the La Cosa Nostra, our approach on a case by case, operation by operation

basis had not been effective in either diminishing the flow of revenue or breaking down the illegal enterprise and that organized crime groups were controlling not only gambling but other related illegal activities. Statistically our emphasis on individual cases and the prosecution of large numbers of La Cosa Nostra members and associates was a resounding success. However, our efforts were doing very little to lessen the actual impact of the La Cosa Nostra on American society. Organized crime cases by their very nature are complex, manpower intensive and long term. Weighing the risks of Congress perceiving a loss in return on investment against the devastating impact of organized crime on our society, in the mid-1970s, former Director Clarence Kelley designated organized crime a national investigative priority and instituted a "quality over quantity" concept across the board in our criminal investigations.

The third factor was an evolution in the FBI's investigative philosophy toward La Cosa Nostra. Experience had shown us that prosecuting individual members for a specific criminal act or series of acts had no lasting effect on the enterprise as a whole. Incarcerated members were quickly replaced and the leadership remained insulated from prosecution. In 1979 and 1980 when we undertook a complete review of our Organized Crime Program and adopted the enterprise theory of investigation as our basic strategy, we began to make tremendous progress in dismantling the criminal infrastructure that was supporting illegal activities on a much broader base than just gambling. In order to have a lasting impact, it was necessary to

clearly establish a "pattern of racketeering activity" on the part of a particular La Cosa Nostra family using a variety of predicate offenses resulting in indictment of the hierarchy of the family, who direct and control the continuing criminal enterprise. Addition of civil forfeiture provisions to the RICO Statute and effective use of its criminal forfeiture provisions is essential if we are to neutralize La Cosa Nostra's impact on the economy. We must seize the fruits of their illicit activities thereby denying them the continuing financial base with which they expand their criminal empires. A very recent example is the "Commission Case" which received widespread media coverage. It was, in fact, the culmination of years of manpower intensive investigative activity.

Today our efforts include not only the use of criminal statutes such as RICO but also the use of the civil provision of the RICO Statute, bankruptcy fraud statutes and an evolving theory that we may be able to utilize the antitrust statutes to root out organized crime influence in particular areas where both business and labor are controlled or heavily influenced by organized crime. At this time there is not a single La Cosa Nostra family wherein the leadership elements have not been convicted or indicted based upon the FBI's efforts aided, of course, by our law enforcement associates.

One of the strongest power bases of La Cosa Nostra has been their influence in organized labor. Previous prosecutions have clearly established their influence in the International Brotherhood of Teamsters, the International Longshoreman's

Association, the Laborer's International Union of North America and the Hotel Employees and Restaurant Employees International Union. At the conclusion of a recent trial in New Jersey, the court removed the officers of Local 560 of the International Brotherhood of Teamsters and appointed a trustee to oversee the local until new elections could be held in order to return control of that local to the rank and file. The primary emphasis on our program today is in the area of the infiltration of the La Cosa Nostra into the economic infrastructure of the United States. We have ample evidence and substantial intelligence to indicate that the La Cosa Nostra dominates four major international unions and has infiltrated large numbers of previously legitimate businesses to the point where the organization is capable of substantially influencing the economic activities in certain areas of our country.

I cannot understate the importance of electronic surveillance to our operations. Without the ability to conduct court authorized wiretaps and microphone surveillances, we could not have penetrated the inner circles of organized crime. Of equal importance has been our enhanced capability to conduct physical surveillances through the development and utilization of highly specialized, technologically advanced surveillance groups. The development of our organized crime information computer system has also been a major contributing factor in our ability to undertake complex organized crime investigations. We are developing an artificial intelligence capability to be coupled with this data base which will further enhance our ability to

deal with the most intricate activities of complex organized crime groups. The support of the Congress in funding these costly but essential investigative tools has substantially contributed to our success.

Although the La Cosa Nostra continues to be the top investigative priority of our Organized Crime Program, from time to time other well organized, highly structured criminal groups will pose a significant enough threat to the citizens of this Nation to justify the application of Bureau resources. A classic example of this need was the concern of citizens in many cities of the increased activities of outlaw motorcycle gangs in the early 1980s. The Bureau in a cooperative effort with other Federal, state and local law enforcement agencies responded quickly and effectively.

The FBI officially designated the outlaw motorcycle gangs a national priority within the Bureau's Organized Crime Program in 1982. Since that time, significant progress has been made nationwide. Among the multitude of outlaw motorcycle gangs identified through investigative efforts, those considered to be the best organized and most sophisticated criminal organizations are the Hells Angels Motorcycle Gang, the Outlaws Motorcycle Gang, the Bandidos Motorcycle Gang and the Pagans Motorcycle Gang.

As examples of this effort let me cite a few cases:

On February 21, 1985, extensive investigative efforts between several Federal, state and local law enforcement agencies resulted in the nationwide issuance of arrest warrants for 88

members and associates of the Bandidos Motorcycle Gang.

On the Federal level, seven FBI field divisions including Albuquerque, Dallas, Detroit, Houston, Little Rock, New Orleans and Seattle along with DEA and the Bureau of Alcohol, Tobacco and Firearms participated in these arrests.

During the course of the raids, three Chapter Presidents and four Sergeants at Arms were apprehended in Houston, Little Rock and Seattle. Throughout the subsequent searches, in excess of 200 firearms were seized including fully automatic weapons, handguns, shotguns, explosives and narcotics.

On May 2, 1985, a three year, multidivisional FBI investigative effort culminated with the simultaneous nationwide arrest of 112 Hells Angels members and associates. A total of 126 warrants were issued consisting of 98 Federal warrants which primarily charged violations of Title 21, United States Code, Sections 841(a)(1) and 846, possession/distribution of controlled substances and conspiracy, with additional charges ranging from violations of the RICO Statute to Federal firearms charges. The remaining 28 warrants were local in nature.

Of the members who were arrested, eight were Hells Angels Chapter Presidents, three were Chapter Vice Presidents and two were Secretary/Treasurers. Search warrants were executed at over 50 locations during this effort. As a result, in excess of 250 firearms were recovered including fully automatic weapons, explosives, bombs, swords and sabers. A computer and related software, reportedly containing records of Hells Angels activity along with voluminous Hells Angels files and reports were also



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recovered.

In 1985, efforts to address the Outlaws Motorcycle Gang with the Federal RICO Statute resulted in 13 members of the Tampa and Jacksonville, Florida, Chapters being convicted and sentenced to multiple 20 year terms. These RICO related convictions stemmed primarily from drug trafficking and prostitution.

The Pagans were the focus of a major joint FBI/DEA and local law enforcement investigative effort in 1985 which resulted in the convictions of 35 high-ranking members and associates including the Pagans' national Vice President and three additional top national officers. The major national outlaw motorcycle gangs continue to be a problem in the manufacture and distribution of methamphetamine, barbiturates and other synthetic drugs. We also have information that they are becoming more involved in the distribution of cocaine. Outlaw motorcycle gangs are also involved in illegal prostitution, stolen property and illegal weapons trafficking, extortion and murder for hire. These organizations continue to deserve our attention.

We must remain vigilant for emerging organized criminal groups who would seek to fill the voids created by the neutralization of La Cosa Nostra families. La Cosa Nostra began in this country around the turn of the century as street gangs in New York City preying on fellow immigrants in their own neighborhoods. Fueled by prohibition, those street gangs evolved into 25 separate, highly structured and disciplined families located throughout this Nation overseen by a "Commission."

There is evidence now in several major cities with

large Asian populations that gangs of Chinese, Vietnamese and Koreans are growing in strength fueled in many instances by huge profits from drug trafficking, gambling, loansharking and extortion. In addition to these emerging street gangs, we have observed an increasing presence of Japanese Yakuza members active in Hawaii and on the West Coast. We are highly concerned that the recession of Hong Kong to the People's Republic of China in 1997 will cause a further relocation of Chinese Triad members to the United States.

We are more effective in combating organized crime today because we know more about how organized crime groups work, how they are structured and where their weaknesses lie and because we recognize that cooperation in this effort is essential. None of us can do the job alone. The FBI is participating in joint investigations and joint task forces with an ever expanding number of foreign, Federal, state and local agencies. Many of the successes were the product of these cooperative efforts and many of them involved undercover Agents from the FBI and other agencies working together to penetrate the inner circles of these criminal associations.

Substantial progress has been made but now is the time to remove this menace from our society. In that regard, the FBI has recently distributed to our field offices an Organized Crime National Strategy. The strategy reaffirms the priorities of the program, encourages further development of the national intelligence base and highlights the success of the enterprise theory of investigation. Momentum in this battle is now on the side of

law enforcement and we must make every effort to sustain it.

Public awareness of the ominous threat of organized crime and continued support of the law enforcement agencies tasked with the responsibility of removing that threat is most critical to successfully achieving that important goal. Hearings such as these help to accomplish those objectives and we are grateful for the opportunity to participate.

U.S. Department of Justice
Federal Bureau of Investigation

**Statement of**
**Anthony E. Daniels**
**Deputy Assistant Director**
**Criminal Investigative Division**
**Federal Bureau of Investigation**

Before the
Committee on Governmental Affairs
Permanent Subcommittee on Investigations
United States Senate
April 11, 1988

*Re: Organized Crime - 25 Years After Valachi*

MR. CHAIRMAN, DISTINGUISHED MEMBERS OF THE COMMITTEE; I AM PLEASED TO HAVE THE OPPORTUNITY TO APPEAR BEFORE YOU TO REPORT ON THE STATUS OF ORGANIZED CRIME IN THE UNITED STATES. AS THE HEARINGS PROGRESS, FEDERAL BUREAU OF INVESTIGATION (FBI) PERSONNEL ASSIGNED TO VARIOUS AREAS OF THE COUNTRY WILL PROVIDE OVERVIEWS OF SUCCESSFUL INVESTIGATIONS AND PROSECUTIONS WHICH HAVE HAD A SIGNIFICANT IMPACT ON THE PROBLEM. ALTHOUGH MANY OF THESE CASES WERE RECENTLY CONCLUDED AND RECEIVED WIDESPREAD MEDIA ATTENTION, THEY ARE, IN FACT THE CULMINATION OF YEARS OF MANPOWER INTENSE INVESTIGATIVE EFFORTS CONDUCTED BY THE FBI THROUGH A WELL-COORDINATED JOINT COMMITMENT WITH MANY FEDERAL, STATE AND LOCAL LAW ENFORCEMENT AGENCIES.

THE ORGANIZED CRIME PROBLEM ENCOMPASSES A NUMBER OF CRIMINAL CARTELS; HOWEVER, LA COSA NOSTRA HAS IMPACTED MORE NEGATIVELY ON AMERICAN SOCIETY THAT ANY OTHER SINGLE GROUP AND THEREFORE CONTINUES, AS THE DIRECTOR NOTED EARLIER, TO BE THE TOP PRIORITY OF OUR ORGANIZED CRIME PROGRAM.

SINCE THEIR STRONG EMERGENCE DURING THE PROHIBITION ERA OF THE 1920s, LA COSA NOSTRA FAMILIES HAVE CONTINUED TO ENGAGE IN A BROAD SPECTRUM OF CRIMINAL ACTIVITY. ENORMOUS PROFITS ARE GENERATED BY THEIR ILLEGAL ACTIVITIES, SOME OF WHICH ARE INVESTED IN LEGITIMATE BUSINESS VENTURES, WHILE MUCH ARE USED TO FINANCE THE EXPANSION OF THEIR CRIMINAL ENTERPRISES.

THE ENACTMENT OF THE RICO STATUTE IN 1970 WAS A HISTORIC EVENT IN THE FIGHT AGAINST ORGANIZED CRIME, BECAUSE IT RENDERED THE ORGANIZATIONS AND THEIR LEADERSHIP VULNERABLE TO

PROSECUTION, RATHER THAN MERELY THE INDIVIDUAL MEMBERS WHO CARRY OUT THE DAY-TO-DAY CRIMINAL ACTIVITY. IN ADDITION, FORFEITURE PROVISIONS OF THE STATUTE ENABLE THE GOVERNMENT TO SEIZE ASSETS OBTAINED THROUGH ILLEGAL ACTIVITIES, INCLUDING LEGITIMATE BUSINESSES, AND ALSO PROVIDE FOR INJUNCTIVE RELIEF NECESSARY TO REMOVE THEIR INFLUENCE FROM LABOR UNIONS.

INVESTIGATORS AND PROSECUTORS HAVE DEVELOPED A KEEN UNDERSTANDING OF THE UTILITY OF THIS LEGISLATION AND THE ADVERSE IMPACT IT CAN HAVE ON ILLICIT ORGANIZATIONS SUCH AS LA COSA NOSTRA. SUCCESSFUL APPLICATION OF THE LAW HAS LED TO A CHANGE IN INVESTIGATIVE AND PROSECUTIVE PHILOSOPHY, WHICH HAS BECOME KNOWN IN THE FBI AS THE "ENTERPRISE THEORY OF INVESTIGATION." THIS THEORY WILL BE EXPLAINED IN FURTHER DETAIL BY PERSONNEL FROM OUR NEW YORK OFFICE, BUT BASICALLY IT STATES THAT IT IS NO LONGER SUFFICIENT TO INVESTIGATE AND PROSECUTE INDIVIDUAL MEMBERS OF A CRIMINAL ENTERPRISE FOR INDIVIDUAL CRIMINAL ACTS. THOSE ACTS ARE NOW VIEWED AS PREDICATE OFFENSES OF A PATTERN OF RACKETEERING ACTIVITY, CARRIED OUT AT THE DIRECTION AND UNDER THE CONTROL OF THE HIERARCHY OF THE CRIMINAL ENTERPRISE.

ORGANIZED CRIME CASES BY THEIR VERY NATURE REQUIRE THE DEDICATION OF EXTENSIVE MANPOWER OVER PROLONGED PERIODS. THE FEAR AND INTIMIDATION PROJECTED BY LA COSA NOSTRA, WHICH HAVE BEEN ENHANCED FOR DECADES THROUGH THE MEDIA AND THE MOTION PICTURE INDUSTRY, OFTEN RESULT IN ACCEPTANCE OF THEIR EXISTENCE, OR INDIFFERENCE TO IT ON THE PART OF THE PUBLIC, AND AN UNWILLINGN :S OF POTENTIAL WITNESSES TO COME FORWARD. THESE

FACTORS, COUPLED WITH THE DIFFICULTY OF DEVELOPING INFORMANTS FROM WITHIN THE MEMBERSHIP OF LA COSA NOSTRA FAMILIES, NORMALLY NEGATE EFFECTIVE UTILIZATION OF TRADITIONAL INVESTIGATIVE TECHNIQUES, AND DICTATE THE IMPLEMENTATION OF MORE SOPHISTICATED METHODS SUCH AS UNDERCOVER OPERATIONS, ELECTRONIC SURVEILLANCE AND EXTENSIVE PHYSICAL SURVEILLANCES. THE FAMILY ENTERPRISE INVESTIGATION OF THE COLOMBO FAMILY, CODENAMED "STARQUEST," TOOK FOUR YEARS TO COMPLETE, DURING WHICH TIME 17 COURT-AUTHORIZED ELECTRONIC SURVEILLANCES AND 60 EXTENSIONS OF THOSE COURT ORDERS TO PERMIT MONITORING BEYOND THE INITIAL 30-DAY AUTHORIZATION WERE UTILIZED.

AS THE ENTERPRISE THEORY OF INVESTIGATION WAS DEVELOPING AND REQUIRING AN INCREASED COMMITMENT OF PERSONNEL, THE FBI'S INVESTIGATIVE RESPONSIBILITIES WERE EXPANDED TO INCLUDE CONCURRENT JURISDICTION WITH THE DRUG ENFORCEMENT ADMINISTRATION FOR INVESTIGATION OF VIOLATIONS OF THE CONTROLLED SUBSTANCES ACT, TITLE 21, UNITED STATES CODE. AGENTS EXPERIENCED IN ORGANIZED CRIME MATTERS ARE BETTER PREPARED TO CONDUCT INVESTIGATIONS OF MAJOR DRUG NETWORKS, AND CONSEQUENTLY, MANY WERE ASSIGNED THOSE DUTIES. IN 1981, THE FBI WAS UTILIZING 1,100 AGENTS TO ADDRESS TRADITIONAL ORGANIZED CRIME NATIONALLY, BUT BY 1987 HAD REDUCED THAT NUMBER TO 617.

THE NEW STRATEGY ALSO CREATED UNFORESEEN EXPENDITURES OF FUNDS, WHICH CONTINUE TO MOUNT ANNUALLY. THE ENACTMENT OF THE WITNESS SECURITY ACT IN 1984 HAS BEEN A MAJOR CONTRIBUTING FACTOR IN THE INCREASING NUMBERS OF WITNESSES WILLING TO TESTIFY AGAINST

La Cosa Nostra, including some highly placed members. In order to thoroughly debrief these witnesses, while affording them adequate physical security, it is often necessary that we delay transfer of these witnesses to the control of the U. S. Marshals Service for extended periods. This requires that the FBI provide food, housing, and other incidental living expenses, not only for the witness, but more often than not, for immediate family members also. Over the past several years, we have averaged $450,000 per year for this type of pre-entry support, and estimate that we will spend an additional $750,000 in Fiscal Year 1988. There is no separate funding for this purpose and, therefore, it is offset by utilizing other appropriated operational funds, to the overall detriment of the program.

A recent plea agreement in a Florida case contained a provision for reimbursement by the defendant to the FBI of $60,000 used for the temporary housing and maintenance of witnesses in the case. Legislative action in this area may be appropriate. Civil courts have been levying similar penalties for years in the form of court costs and attorney's fees against unsuccessful litigants. Fines levied currently in Federal criminal cases require payment to the U. S. Treasury, with no provisions for reimbursement to the investigative agency that bore unappropriated costs. Perhaps RICO could be amended to include provisions requiring convicted defendants to reimburse the appropriate investigative agency for some of the costs incurred by the investigation.

AS TO THE CURRENT STATE OF ORGANIZED CRIME; THE PROSECUTIONS IN RECENT YEARS OF THE HIERARCHY AND MEMBERSHIP OF LA COSA NOSTRA ARE INDICATIVE OF THE SUCCESSFUL BATTLE BEING WAGED AGAINST ORGANIZED CRIME IN THE UNITED STATES. PARTICULARLY SIGNIFICANT WAS THE NOVEMBER, 1986, CONVICTION OF THE LEADERSHIP OF THE FIVE NEW YORK FAMILIES OR "THE COMMISSION," A BODY WHICH HISTORICALLY EXERCISED CONSIDERABLE INFLUENCE OVER A NATIONWIDE CRIMINAL ENTERPRISE. AS A RESULT OF THIS PROSECUTION, 100-YEAR PRISON SENTENCES AND $250,000 FINES WERE METED OUT BY THE PRESIDING JUDGE. MORE IMPORTANTLY, BY EXPOSING THESE SECRET CRIMINAL ENTERPRISES AND PROVING THEIR INFLUENCE AND CONTROL OVER SUCH DIVERSE INDUSTRIES AS CONSTRUCTION, TRUCKING, WASTE DISPOSAL AND SHIPPING, THE POLITICAL AND PUBLIC AWARENESS OF THE MENACE OF ORGANIZED CRIME HAS BEEN INCREASED SIGNIFICANTLY. THE PERCEPTION OF INVINCIBILITY HAS BEEN SEVERELY DAMAGED, AND THE SHIELD OF FEAR AND INTIMIDATION ROLLED ASIDE BY THE CONTINUING EMERGENCE OF WITNESSES FOR THE PROSECUTION.

ALTHOUGH THE UNDERWORLD HAS BEEN DISRUPTED BY SUCCESSFUL INVESTIGATIONS AND PROSECUTIONS, THE 25 LA COSA NOSTRA FAMILIES ARE STILL INTACT AND ATTEMPTING TO SHORE UP THEIR DEFENSES. IT IS IMPERATIVE THAT WE SUSTAIN THE MOMENTUM BY FULLY IMPLEMENTING A NATIONAL STRATEGY, WITH INCREASED EMPHASIS ON THE ENTERPRISE THEORY OF INVESTIGATION, CLOSELY COORDINATED ON A REGIONAL BASIS. IN ADDITION, WE MUST CONTINUE TO FOLLOW A VIABLE AND AGGRESSIVE PROGRAM TO ADDRESS LABOR RACKETEERING AND TO

EXPAND THE USE OF THE CIVIL PROVISIONS OF THE RICO STATUTE AGAINST LA COSA NOSTRA AND THOSE LABOR UNIONS KNOWN TO BE INFLUENCED, DOMINATED OR CONTROLLED BY ORGANIZED CRIME.

THERE WILL ALWAYS BE SOMEONE ANXIOUS TO FILL THE VOID CREATED BY THE DEMISE OF A FORMERLY SUCCESSFUL CRIMINAL ENTERPRISE, OR TO CREATE NEW ARENAS FOR ILLICIT PROFIT. WE MUST REMAIN VIGILANT IN ORDER TO QUICKLY IDENTIFY THESE EMERGING GROUPS, ESTABLISH A COMPREHENSIVE INTELLIGENCE BASE, AND EMPLOY ESTABLISHED AS WELL AS INNOVATIVE INVESTIGATIVE TECHNIQUES IN ORDER TO SUCCESSFULLY ADDRESS THEM.

IN ALL OF OUR INVESTIGATIVE RESPONSIBILITIES, THE COOPERATION AND ASSISTANCE OF THE PUBLIC IS ESSENTIAL TO SUCCESS; AND PUBLIC HEARINGS, SUCH AS THESE, AFFORD US A UNIQUE OPPORTUNITY TO SOLICIT IT, FOR WHICH WE ARE GRATEFUL TO THE COMMITTEE. THANK YOU, MR. CHAIRMAN.

JOHN C. KEENEY
ACTING ASSISTANT ATTORNEY GENERAL
CRIMINAL DIVISION

Mr. Chairman and Members of the Subcommittee, I am pleased to have the opportunity to appear before you today to discuss the efforts of the Department of Justice in our continuing battle against organized crime in this country.

We have scored tremendous victories against organized criminal groups over the past few years as a result of a national offensive that has been systematic and sustained. Through an extraordinary series of prosecutions across the country, the mob leadership in our major cities has been crippled. Boston, Buffalo, Chicago, Kansas City, Cleveland, Los Angeles, New Orleans, New York, Philadelphia -- all have seen La Cosa Nostra (LCN) bosses, underbosses and capos convicted, sentenced to long prison terms and stripped of their assets.

And our successes extend beyond individual convictions. The government is setting the agenda and the mob is on the defensive. Mobsters have been overheard on electronic surveillance lamenting the RICO statute and scorning their increasing inability to spend or conceal the proceeds of their crimes. They must go to extraordinary lengths to avoid electronic surveillance; they know they can no longer safely plan crimes in their cars, their favorite clubs, or even on the sidewalk. Power struggles are breaking out as boss after boss is convicted.

Perhaps the best indicator of the progress of our war against organized crime is that more and more racketeers facing stiff sentences are defecting from the ranks of organized crime to become federal witnesses against their former associates. Omerta, the Mafia code of silence, is being challenged by a new

canon: When the going gets tough, the smart change sides. The number and stature of convicted mobsters "flipping" to the government's side in recent years is unprecedented, and in itself demonstrates a significant weakening of the mob. The list of government witnesses includes such figures as long-time mob members Henry Hill, "Jimmy the Weasel" Fratianno, Angelo Lonardo, Thomas Del Giorno, and Nicholas Caramandi as well as former Teamsters president Roy Williams.

But, important as our successes have been, they are mere battles won in a war that continues to rage. Organized crime in this country is neither dead nor dying. La Cosa Nostra is a resilient and opportunistic group of criminals. Although it may never again amass the concentrated power it once wielded, it must not be underestimated. If we reduce our vigilance or ease the pressure, the criminals who make up the mob will grab back every inch we have taken away. The LCN is continually in the process of replenishing its ranks and diversifying into new areas. At the same time, newer organized criminal groups, such as the Chinese Wah Ching and the Japanese Yakuza, have emerged, ready to fill in the power vacuum caused by our offensive against the LCN hierarchy.

The challenge facing law enforcement today is to sustain our pressure on the LCN and at the same time prevent emerging organized criminal groups from acquiring a power base.

In my testimony today, I will first highlight the progress that the Department of Justice has made against organized crime in recent years. I will then discuss what I believe are the reasons for this progress and what we have learned from our successes. Third, I will discuss the challenges remaining for the future and our strategy to continue the successful fight against organized crime.

RECENT SUCCESSES

As you know, the cornerstone of the Department's organized crime program is the Organized Crime and Racketeering Section of the Criminal Division. The Organized Crime and Racketeering Section has established Strike Forces in fourteen cities across the country with significant organized crime problems. There are Strike Force Field Offices in ten additional cities. The Attorney-in-Charge of each Strike Force works closely with his United States Attorney to develop an organized crime enforcement plan for the district that achieves the optimum integration of all available resources. Close coordination of prosecutors and investigators in the Strike Force offices is encouraged. In developing and executing their district enforcement plans, the Strike Forces draw on the expertise of federal investigative agencies, including the FBI, DEA, the Department of Labor, the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms, the Immigration and Naturalization Service, the U.S. Customs Service, the U.S. Postal Service, and the U.S. Secret

Service, as well as state and local investigators and prosecutors.

Quite simply, the mission of the Strike Forces is to disrupt organized criminal enterprises by imprisoning their leadership and forfeiting their assets. Using the most sophisticated and intrusive investigative techniques, including electronic surveillance, undercover operations and aggressive use of the federal grand jury and the federal immunity statute, they are dedicated to building comprehensive Racketeer Influenced and Corrupt Organizations (RICO) cases against entire crime families. As the following survey of cities demonstrates, they have met with great success.

## Family Prosecutions

### Boston

In February, 1986, the Boston Strike Force convicted Gennaro Angiulo, head of the Boston branch of the Patriarca family of La Cosa Nostra, two capos and an associate on a RICO indictment that charged as predicate acts six murders, two conspiracies to murder, loansharking, gambling, and obstruction of justice. 1/ The eight-month jury trial, which was based in large part on tape-recorded evidence obtained during three months of electronic surveillance of Angiulo's criminal headquarters, was the longest in the history of the District of Massachusetts. Angiulo was sentenced to a term of 45 years, and property worth approximately $4 million was forfeited to the United States. One year later, Ilario Zannino, the consigliere, whose case had been severed from

the other Angiulo defendants, was convicted of loansharking and gambling and sentenced to thirty years in prison.

Buffalo

In Buffalo, New York, where the first Organized Crime Strike Force was created in 1967, LCN boss Samuel Russotti, his underboss, consigliere, and several capos and associates were convicted in 1984 following a six-week trial. 2/ This RICO prosecution embraced predicate acts of murder, arson, extortion and obstruction of justice. Russotti and four other leaders received 40-year sentences.

Chicago and Kansas City

In 1986, Joseph Aiuppa, the boss of the Chicago LCN family, the underboss and three other Chicago LCN members were convicted by the Kansas City Strike Force in a landmark case which dramatically demonstrated LCN domination of the Teamsters Union and major Las Vegas casinos. 3/ The Aiuppa case laid out a conspiracy among four LCN families to use their influence with the Teamsters Central States Pension Fund in Chicago to obtain more than $80 million in loans for the acquisition and improvement of Las Vegas casinos. The evidence was that they then "skimmed" the profits and distributed the skimmed money among the mob families in Kansas City, Chicago, Milwaukee and Cleveland. Aiuppa, who had never before been convicted of a serious offense, was sentenced to 28 years. Also convicted were Carl DeLuna, acting boss of the Kansas City family, Frank

Balistrieri, boss of the Milwaukee family, and Milton Rockman, financial advisor to the Cleveland family.

The Aiuppa case illustrates the challenges and the rewards of prosecuting organized crime on the national level. The prosecution was based on 4,000 hours of electronic surveillance conducted by the FBI in five different judicial districts. To ensure the necessary coordination among the different jurisdictions during this lengthy and sensitive investigation, the Department appointed a career attorney in the Organized Crime and Racketeering Section to oversee the case's investigative development.

The government's case was significantly bolstered by the testimony of two witnesses, Angelo Lonardo and Roy Williams, both of whom had previously been convicted in Strike Force prosecutions and decided to cooperate with the government in the face of long prison terms. In 1985, Lonardo, underboss of the Cleveland LCN family, had been convicted by the Cleveland Strike Force of violating the RICO statute and sentenced to a life term without parole. 4/ In 1982, former Teamsters president Williams had been convicted by the Chicago Strike Force and sentenced to ten years in prison for his role in a conspiracy to bribe a United States Senator in order to defeat legislation affecting deregulation of the trucking industry. 5/

The Kansas City prosecution demonstrates the advantages of long term, nationally coordinated investigations, the effectiveness of court authorized electronic surveillance as an

investigative tool, and the benefits of turning convicted defendants into government witnesses.

Cleveland

Also convicted with Angelo Lonardo, the Cleveland underboss who received a life sentence and testified in the Kansas City case, were two of his young street captains, Joseph Gallo and Thomas Sinito. 6/ Gallo received a life sentence, while Sinito had four years added to a previous sentence of 18 years. The boss of the Cleveland family, James Licavoli, had been successfully prosecuted by the Cleveland Strike Force in 1982. He received a 17-year sentence and later died in prison. 7/

Los Angeles

In 1981, Los Angeles mob boss Dominick Brooklier, his underboss, and two associates were convicted in a RICO prosecution and sent to prison, where Brooklier died in 1984. 8/

New Orleans

In 1981, New Orleans mob boss Carlos Marcello was convicted on a RICO indictment as a result of the FBI's BRILAB undercover investigation. 9/ Following a five-month trial, Marcello was sentenced to seven years in prison. He also received a ten-year consecutive sentence for a conspiracy to bribe the judge in the Brooklier case in Los Angeles.

New York

As you know, New York has been the site of unprecedented organized crime prosecutions over the past several years. In a series of RICO cases, the bosses of four of the five LCN families

were convicted of racketeering and sentenced to long prison terms. The fifth boss was murdered before he went to trial.

Foremost among the New York prosecutions was the so-called "Commission" case prosecuted by the United States Attorney for the Southern District of New York. 10/ This RICO prosecution charged the bosses of each of the five families with being members of an organized crime "Commission" which coordinated the criminal activities of the five families and mediated disputes which arose between the families. Three bosses, two underbosses and one consigliere were convicted in November 1986, and sentenced to 100 year prison terms, as was Colombo family member Ralph Scopo, president of the Concrete Workers District Council of the Laborers Union. The fourth boss, Paul Castellano, was murdered prior to the trial. Bonanno family boss Philip Rastelli was severed from the case because he was on trial in another prosecution.

In addition to the Commission case, each New York LCN family has recently been the subject of at least one major RICO prosecution. In June 1986, the leadership of the Colombo family, including boss Carmine Persico, underboss Gennaro Langella, and four capos, were convicted in a RICO prosecution involving labor racketeering. 11/

Philip Rastelli, boss of the Bonanno family, and several other family members were convicted in a RICO prosecution by the Brooklyn Strike Force in October 1986, following a six-month jury trial. 12/ The charges in that case involved labor racketeering

in the domination of the moving and storage industry in New York City and also included related charges of arson, robbery and mail fraud. Rastelli was sentenced to 12 years in prison.

The Luchese family was the target of a RICO prosecution by the Brooklyn Strike Force in 1986. 13/ Ten Lucchese members and associates were charged with dominating the air freight business at John F. Kennedy Airport in New York. Nine of the ten defendants pled guilty and the tenth was convicted following a jury trial. The defendants received sentences of up to twelve years.

The Gambino family, the largest of the five New York families, has been the subject of numerous federal prosecutions. In June 1986, sixteen members and associates of the Gambino family were indicted by the Brooklyn Strike Force. 14/ Eleven of the fifteen defendants were convicted, including the consigliere, Joseph N. Gallo.

After nine months of trial, a second RICO prosecution involving the Gambino family recently resulted in a mistrial on a motion by the government which alleged attempts to tamper with the jury. 15/ In a rare proceeding, nine Federal judges from the Eastern District of New York sitting en banc found that the government had properly raised questions of jury tampering, thereby clearing the way for a retrial.

Finally, in March 1987, John Gotti, who became boss of the Gambino family following the murder of Paul Castellano, was

acquitted of RICO charges by a jury sitting in the Eastern District of New York. 16/

The fifth New York family is the Genovese family. Six members of the Genovese family and several associates are currently in the final phase of a trial in New York on a RICO indictment which charges a wide range of racketeering activities, including a charge that Anthony Salerno and others controlled the election of the president of the Teamsters Union. 17/

One final New York prosecution that deserves particular mention is the so-called "Pizza Connection" heroin prosecution. 18/ The indictment in that case charged 35 defendants with participating in an international heroin ring which imported over a metric ton of heroin and resulted in the transfer of over $50 million in proceeds to the Sicilian mafia through Swiss bank accounts. The Newark, Detroit, and Philadelphia Strike Forces and the Organized Crime Unit of the United States Attorney's Office for the Southern District of New York all participated in the investigation of the case, which culminated in a 17 month trial in the Southern District of New York. Eighteen of the nineteen defendants who went to trial were convicted and received sentences of up to 45 years.

Philadelphia

Finally, in Philadelphia, a RICO indictment against Nicky Scarfo, boss of the Philadelphia mob, and eighteen other mob associates was returned on January 11, 1988. 19/ The indictment

charges the defendants with participating in an eleven-year racketeering conspiracy which included ten murders, four attempted murders, and a variety of extortion, gambling, and narcotics offenses. This is a "second generation" mob prosecution in Philadelphia. A 1981 RICO prosecution resulted in the conviction of several leaders of the Philadelphia mob, although boss Angelo Bruno, underboss Phil Testa, and several top capos were slain before the case went to trial. 20/ Scarfo was also recently convicted of extortion and sentenced to a fourteen-year term in a 1987 prosecution. 21/

Industry Prosecutions

In addition to targeting for prosecution the leadership of LCN families, a second, more recent element of our strategy has been to remove organized crime from the marketplace by identifying and focusing our efforts on specific industries or sectors of the economy that have been corrupted, and in some cases, dominated by organized crime. This approach implements the recommendations of the 1986 President's Commission on Organized Crime which addressed organized crime's involvement in labor racketeering. It represents an important new step in the continuing evolutionary development in the government's tactical war against organized crime.

In the early years of fighting the LCN, our response to organized crime activities was basically a reactive one. A crime was committed and law enforcement tried to solve it. The next

step in the evolution was the targeting of specific organized crime figures who were responsible for large numbers of crimes. This strategy was effective to a point but in some instances we found that mob leaders were replaced by those below them with little or no disruption to the functioning of the organization.

This realization led to the development of the enterprise theory of investigation and prosecution in which we target not individuals but whole criminal organizations or families, so that an entire chain of command is eliminated at one time. As we have just seen, this strategy has been used with considerable success.

However, given the increasingly sophisticated nature of our economy and the ability of organized crime to exploit it, even enterprise prosecutions are not enough. Our strategy has expanded to include the active scrutiny of our economy for particular sectors that have been corrupted by organized crime, followed by the targeting and attacking of that corruption on an industry-wide basis.

Organized labor has historically provided a vital power base through which the mob has placed a strangle hold on our economy. All too frequently, organized criminal groups have used their control of particular labor unions and the fear of labor unrest in particular industries to allocate business among contractors and firms from whom members of these groups have demanded and received payoffs.

One important aspect of the LCN "Commission" case in New York involved such an extortion scheme. 22/ In that case,

mobsters used their domination of the local Concrete and Cement Workers Union to control the allocation of contracts to pour concrete on construction jobs in New York City. Operation of the bid-rigging scheme involved payoffs to the mob of up to 2% of the value of each concrete contract which exceeded $2 million. The result of this scheme was in effect a 2% tax -- payable to the mob -- on the foundation of each large building project in Manhattan.

Two of the Commission defendants, Carmine Persico and Gennaro Langella, leaders of the Colombo family, had already been convicted in a separate prosecution which charged Colombo family members with the controlling concrete construction contracts below $2 million, demanding and receiving payoffs of up to 1% of the contract price, and dominating certain local unions in New York affiliated with the Teamsters and Hotel Employees unions. 23/

Although he was not charged with personal participation in the construction bid-rigging "Club," Bonanno family boss Phillip Rastelli was convicted on October 15, 1986, of racketeering and extortion in a federal prosecution which detailed a twenty-year history of the Bonanno organized crime family's influence over the New York moving and storage industry. 24/ After a six-month trial prosecuted by the Brooklyn Strike Force, Rastelli and fourteen other defendants, including the entire leadership of Teamsters Local Union 814 in New York and executives of moving and storage firms, were convicted. A major

part of the racketeering activity consisted of a conspiracy among owners of moving and storage firms, union officials, and organized crime figures to make and receive payoffs of up to 5% of the contract revenue. In return for the payoffs, union help and organized crime muscle protected a bid-rigging scheme to monopolize government moving contracts in the New York metropolitan area. Indeed, it was determined during the investigation that a payoff to labor officials and organized crime figures had been built into the cost of a particular moving contract for which the Federal Government had paid $142,000 in connection with the relocation of an FBI office.

The conviction on November 5, 1986, of Harry Davidoff, a Teamsters Local Union 851 official, through the efforts of the Brooklyn Strike Force demonstrated that the Lucchese organized crime family, through its control of two Teamster local unions, reaped millions of dollars in illegal profit from a wide variety of extortionate and other criminal activity. 25/ The racketeering conspiracy, which covered an eight-year period, charged the extortion or attempted extortion of more than $1.5 million in labor peace payoffs from air freight companies at Kennedy Airport.

Moving back further in time, operation UNIRAC in the late '70's broke the cycle of mob corruption of the ports along the Eastern Seaboard. The UNIRAC prosecutions exposed the LCN's manipulation of the shipping industry through its infiltration of the International Longshoreman's Union and resulted in the

conviction of more than 130 businessmen, union officials and LCN members.

The series of casino-related prosecutions in Las Vegas and Kansas City were also "industry" prosecutions, although not originally highlighted in that manner. During the Kansas City skimming prosecution, the government presented evidence that certain LCN defendants used their influence with the Teamsters Central States Pension Fund in Chicago in order to obtain loans in excess of $80 million for the acquisition and improvement of the casinos. During this trial, former Teamsters president Roy Williams testified that he accepted monthly payments of $1,500 from the LCN between 1974 and 1981 as a result of his activities as a Pension Fund trustee and his help in arranging the casino loans. Williams, of course, had been convicted by the Chicago Strike Force for his role in a conspiracy to bribe a United States Senator in order to defeat legislation affecting the deregulation of the trucking industry. Among his co-defendants was Allen Dorfman, a former asset manager and insurance provider for the Central States Fund, who was murdered one month after being convicted.

Although it has received the most public attention, organized labor is not the only sector of the economy which has been exploited by organized crime. More and more, our investigations disclose that owners and managers of legitimate businesses have cooperated with organized crime in return for benefits such

as decreased labor costs, inflated prices, or increased share of a market.

For example, in 1985, Standard Drywall Corporation, one of the largest dry wall contractors in the New York metropolitan area, entered guilty pleas to criminal charges and agreed to make restitution of $1 million to the United States Treasury, the State of New York, union-sponsored pension and welfare funds, and an insurance company which it had defrauded of payroll taxes, fringe benefit contributions, and unemployment insurance benefit payments, respectively. 26/ The scheme involved the employment of workers "off the books" over a three-year period, that is, for wages in cash and without taxes or fringe benefits being paid. The company's owners and more than twenty key employees have also been convicted in the case.

In 1981, Eugene Boffa, an owner of a nationwide labor leasing business, was convicted by the Philadelphia Strike Force, sentenced to twenty years' imprisonment and ordered to forfeit assets worth approximately $250,000 and his interest in the leasing corporations as a result of his participation in a racketeering scheme to defraud employees of their benefits under existing collective bargaining contracts. 27/ The fraudulent scheme involved keeping labor costs down and silencing aggrieved employees by closing down business operations at particular locations, terminating employees' jobs, and then restarting new businesses at the same locations. Managers concealed from the employees the true identity of the new businesses which paid

considerably lower wages and benefits. At some locations, the union official representing the terminated employees was bribed to overlook this flagrant violation of employees' rights under their labor contracts.

In addition to the conviction of executives in the moving and storage industry as part of the Rastelli prosecution, the Brooklyn Strike Force's use of the "enterprise" approach resulted in the conviction of a powerful leader of the Colombo organized crime family, Michael Franzese, in connection with his racketeering activities in a wide variety of industry segments including automobile dealerships, construction firms, movie production companies, oil and gasoline distributorships, and a union-sponsored employee benefit plan. 28/ Following his guilty plea, Franzese was sentenced to ten years' imprisonment, fined $35,000, and ordered to forfeit $4,748,112 and to make restitution to his victims in the amount of $10 million. Among the victims were the States of New York, Florida, and New Jersey which were defrauded of millions of dollars in taxes through Franzese's distribution of bootleg fuel oil and gasoline.

In May 1987, the New Haven Field Office of the Boston Strike Force convicted the owner of a mob-run company which fraudulently administered the dental plans of most Teamsters locals in Connecticut. 29/ Under this scheme, select Teamsters officers received a host of expensive, cosmetic dental benefits to which they were not entitled, and, in turn, insured that the dental administrator's company turned a larger profit.

In a prosecution by the Newark Strike Force in New Jersey, three officers of United Terminals, Inc., a stevedoring company, were indicted along with several mobsters and union officials for taking part in a scheme to utilize a lower-paid class of union employees at a shipyard in violation of union regulations. 30/

In September, 1986, the provider of claims service to a Teamsters welfare fund and the owner of companies providing health care services to the fund were convicted by the Detroit Strike Force in a RICO prosecution which charged that they paid off union officials to gain business from the fund. 31/ The union officials, one of whom was the son of the late Teamsters president Frank Fitzsimmons, were also convicted.

As these cases graphically demonstrate, while organized labor has been frequently victimized and exploited by organized crime, management has also been a fertile ground for mob corruption.

Civil RICO

While keeping the pressure on the mob with criminal prosecutions, we have also added the civil provisions of the RICO statute to our arsenal of weapons. Under Section 1964 of Title 18, the federal government is authorized to file civil RICO actions to prevent and restrain violations of the criminal RICO provisions. Civil RICO permits the government to remove organized criminal influence from enterprises which have been corrupted and exploited by organized crime. It is a valuable

tool, both as a follow-up and as an alternative to criminal RICO charges.

A civil RICO case can, in certain circumstances, present a more effective means of attacking the prohibited conduct than a criminal RICO prosecution. For example, under civil RICO treble damages and a wide variety of equitable relief are available. In addition, the burden of proof in a civil RICO case is a preponderance of the evidence, rather than beyond a reasonable doubt. Liberal rules of pleading are in effect for civil RICO cases, including the possibility of amending the complaint. Venue in civil RICO cases is governed by special provisions that are broader than those for ordinary civil suits. In a case where the government seeks only equitable relief, the defendant generally is not entitled to a jury trial. Civil RICO provides for the issuance of civil investigative demands by the United States prior to the institution of criminal or civil proceedings. Preliminary relief is also available to the government under civil RICO.

In civil action, unlike a criminal prosecution, the government has available to it the full panoply of discovery provided for by the Federal Rules of Civil Procedure, including depositions, interrogatories, and requests for production of documents.

Also of great significance are the flexible injunctive remedies available under the civil RICO statute. For example, a court can enter an order prohibiting a labor racketeer from

participating in the affairs of the union he corrupted. The court can bar members of an organized crime family from associating with each other or "making" new members. The court can order mobsters to make restitution to their victims or divest their interests in corruptly held businesses.

Probably the most dramatic civil RICO remedy imposed to date was placing the mob-corrupted Teamsters Local 560 into a court-supervised receivership and enjoining officials of Local 560 from future involvement in the affairs of the labor organization which they had dominated and controlled by means of criminal activity for more than twenty years. The Court of Appeals for the Third Circuit upheld the use of this remedy in a watershed opinion supporting the usage of the civil enforcement provisions of the RICO statute against labor-management racketeering. 32/

In the Local 560 case, the Newark Strike Force proved that mob members had continuously committed acts of murder, extortion, violence, and labor racketeering as part of their effort to seize and maintain control of Teamster Local 560 in Union City, New Jersey. Despite repeated arrests, prosecutions, convictions, and even lengthy incarceration of these racketeers, they returned again and again to their union offices with appalling audacity. At the time the RICO complaint was filed in 1982, these mobsters -- either directly or through friends and relatives -- utterly dominated the local's Executive Board, and had used their positions to gain access to union funds. As the district court

put it, these "gangsters, aided and abetted by their relatives and sycophants, engaged in a multifaceted orgy of criminal activity."

Applying sanctions permitted by civil RICO, the district court enjoined the defendants from further acts of racketeering, removed all members of the Executive Board from their positions as trustees, created a temporary trusteeship for the union, and ordered a democratic election under governmental supervision following an eighteen-month cooling off period. The court described the granting of these extraordinary remedies as the use of a judicial scalpel to remove a "malignancy."

The Local 560 decision was particularly important in that it upheld the concept that union officers not convicted of criminal offenses under RICO can nonetheless be removed from office for having aided and abetted other convicted union officials to control and dominate the union through a pattern of extortion directed at union members' rights of free speech and democratic participation in labor union affairs. That is, the aiders and abettors of racketeering activity can be removed from their union positions even though they have not been criminally prosecuted and convicted of the underlying offenses by which the convicted officials inspired fear in the union membership.

Since this landmark decision, the Government has achieved other successes using civil RICO. In June 1986, shortly after final action by the Supreme Court let the Local 560 decision stand, federal prosecutors in New York City filed a civil RICO

complaint seeking appointment of a trustee to oversee the affairs of Local 6A, Cement and Concrete Workers Union. 33/ As I mentioned above in the discussion of the "Commission" case, the Cement and Concrete Workers Union had been infiltrated and exploited by the LCN to control construction contracts in New York.

The Local 6A litigation was resolved through a consent agreement entered into on March 18, 1987, by the union with the government. Under the terms of the agreement, the union will be supervised by a court-appointed trustee until 1990, when new elections will be held. In addition, several union officials were forced to step down and permanently barred from further participation in the union.

Other civil RICO cases have followed. After Genovese family capo Matthew Ianniello was convicted in a RICO prosecution which included among its charges the skimming of profits from Umberto's Clam House, the government filed a civil RICO lawsuit to divest Matthew Ianniello of his interest in the restaurant, bar him from further participation in the restaurant business, and place Umberto's Clam House under trusteeship while the civil case is pending. 34/ The judge agreed to place the restaurant under a trusteeship to prevent further skimming.

On August 26, 1987, the United States Attorney in Brooklyn filed a civil RICO case which charged the Bonanno LCN family with controlling Teamsters Local 814 and several businesses in the New York moving and storage industry. 35/ This case was a

follow-up to the criminal RICO prosecution by the Brooklyn Strike Force and sought to remove the present leadership of Local 814 and permanently bar the convicted mob defendants from any further union activity. On October 9, 1987, a consent decree was approved which provided for the immediate resignation of the current Executive Board and the appointment of a trustee by the court.

On October 15, 1987, the United States Attorney for the Southern District of New York filed a civil RICO suit against members of the Genovese organized crime family, union officials, and others in connection with the operation of the Fulton Fish Market in New York City. 36/ The complaint is designed to remove the Genovese Family's control over the operations of the Fulton Fish Market and Local 359, which the Genovese Family has controlled since the 1930's. The Fulton Fish Market, located in the lower Manhattan section of New York City, provides the majority of the fresh seafood in the New York metropolitan area, amounting to approximately one billion pounds per year. Local 359 has members employed by companies operating at or out of the Fulton Fish Market.

The complaint alleges that the Genovese Family, certain of its members, and officers of Local 359, United Seafood Workers, Smoked Fish and Cannery Union, United Food and Commercial Workers Union, AFL-CIO, CLC (Local 359) are conducting, and conspiring to conduct, a pattern of racketeering activity based on predicate acts including theft from interstate shipments, extortionate

credit transactions, interference with commerce by extortion, illegal gambling businesses, illegal labor payments, wire fraud and murder. The complaint follows a 1981 RICO prosecution in which Carmine and Peter Romano and others were convicted of labor-racketeering in connection with the operation of the Fulton Fish Market.

The relief sought includes injunctions against future RICO violations; divestiture of the Genovese Family members' businesses that are related to the Fulton Fish Market; an injunction against Genovese Family members, associates, and all present defendants prohibiting their re-entry into the commercial seafood industry; removal of union officials from office and appointment of a trustee; and appointment of administrators to direct the operation of the Fulton Fish Market.

On December 2, 1987, the United States Attorney for the Eastern District of Pennsylvania filed a civil RICO suit against Stephen Traitz, Jr., Business Manager of Locals 30 and 30B, United Slate, Tile and Composition Roofers, Damp and Waterproof Workers Association (Roofers Union), and other persons affiliated with the locals. 37/ The civil suit was filed immediately upon the criminal RICO convictions of Traitz and others for conducting the affairs of the Roofers Union through a pattern of racketeering activity. The evidence in the criminal case established that virtually the entire leadership of the Roofers Union was engaged in a variety of criminal activity including public corruption and extortion. For example, owners of roofing

companies within Local 30's jurisdiction were routinely called into the union office and threatened with violence if they did not make payments to the union. In addition, numerous judges and other public officials in the Philadelphia area were bribed by Traitz with money that was generated by kickbacks received from the law firm that provided legal services under the union's prepaid legal plan.

The civil RICO complaint in the Roofers Union case, which includes allegations beyond those established in the criminal trial, seeks to enjoin the convicted defendants from participating in the affairs of the union, and requests that a trustee be appointed by the court to oversee the union's affairs until elections of new officers can be held.

Let me emphasize that the government's objective in these cases is to help labor union members perceive that they can run their own organizations according to the democratic principles guaranteed in the Labor Management Reporting and Disclosure Act of 1959 and without domination by organized criminal elements. The goal is not to take away unions from the workers but to return them to the workers.

The civil RICO statute is an extremely effective and powerful tool when used in appropriate cases. It is appropriate, for example, when a receivership is the only means of repairing the extensive damage inflicted over a period of years by a career-criminal group -- damage which remains even after key

members of the group have been removed from union affairs and from society at large by criminal prosecution and incarceration.

The second arm of the civil RICO statute, the treble damages provision, has also been employed recently by the Department. Section 1964(c) provides that "any person injured in his business or property by reason of a violation of Section 1962 of this Chapter may sue therefor . . . and shall recover threefold the damages he sustains." The first action filed by the government under this provision was United States v. Barnette, filed in the Middle District of Florida in 1985. Barnette, which is still pending, was filed by the Department's Civil Division after the successful completion of a RICO prosecution which charged the defendants with defrauding the Department of Defense in connection with the awarding of laundry contracts. 38/ The suit seeks to recover for the government more than $47 million in damages from two businessman and three companies. We are also seeking an injunction that would divest the individual defendants of their interests in certain companies and bar them from doing further business with the government.

A second civil RICO suit for treble damages was filed in Brooklyn in 1985. In United States v. Shasho, the government's complaint alleges that more than thirty accountants, insurance adjusters and businessmen defrauded the Federal Emergency Management Agency of $1 million by filing fraudulent insurance claims. 39/ Twenty-three of the defendants have previously been

convicted of criminal charges related to the scheme. The suit, which is still pending, seeks $3 million in treble damages.

A third civil RICO case, United States v. Turoff, was filed in April 1987 by the United States Attorney in Brooklyn on behalf of the National Credit Union Administration. 40/ It charges four defendants with defrauding a federally insured credit union of $1.2 million. The defendants, who have been convicted of criminal charges, owned a company through which they paid bribes to secure the rights to install electronic meters in New York City taxicabs. The investigation of these bribes eventually unraveled extensive corruption throughout New York City's transportation agencies.

Obscenity Prosecutions

Another focus of our attention in recent years has been organized crime's involvement in the obscenity industry. The Attorney General's Commission on Pornography concluded that the findings of a 1978 FBI analysis remained essentially correct in 1986, namely, that, "few pornographers can operate in the United States independently without some involvement with organized crime." Chief Daryl F. Gates, Los Angeles Police Department, testified before that 1986 national Commission as follows:

> Organized crime infiltrated the pornography industry in Los Angeles in 1969 due to the lucrative financial benefit. By 1975, organized crime controlled eighty percent of the industry and it is estimated that this figure is between eighty five and ninety (85%-90%) percent today.

The California Attorney General's 1986 Organized Crime in California Report "estimates that nationwide revenues from pornography range from $7 billion to $10 billion annually, and organized crime is believed to be connected to most of this money."

Based on reports such as these, we created a special unit at the Department of Justice, the National Obscenity Enforcement Unit (NOEU), to implement an initiative against obscenity, organized crime and child sexual exploitation. The NOEU works with the Strike Forces in investigating and prosecuting obscenity crimes which have an organized crime connection.

## REASONS FOR SUCCESS

### Statutory Tools

The list of accomplishments which I have just recited indicates that we at the Department of Justice are making good use of the statutory tools with which the Congress has provided us. A large share of the credit for our success must go to you for responding when we have requested additional legislation to close loopholes in the criminal code or to change the statutory landscape to keep pace with a rapidly developing technological society.

One of the most significant weapons with which you have armed us, the RICO statute, needs little further discussion except to emphasize that recent amendments have made a good law even better.

The Comprehensive Crime Control Act of 1984 substantially strengthened the RICO forfeiture provisions. It codified the relation back doctrine under which the government's interest in forfeitable property vests upon commission of the act that gives rise to forfeiture. 18 U.S.C. § 1963(c). The Act also amended the forfeiture provisions to permit the government to seek a restraining order, before or after indictment, to preserve the availability of the forfeitable property. 18 U.S.C. § 1963(d). The Anti-Drug Abuse Act of 1986 further amended the RICO statute to provide for the forfeiture of substitute assets. This important statute also added obscenity offenses and money laundering offenses to the list of RICO predicates.

A second statute which has been vital to our success in fighting organized crime has been Title III of the Crime Control Act of 1968 -- the electronic surveillance statute. The contribution made by electronic surveillance to the investigation and prosecution of organized crime cannot be overstated. Simply stated, nothing is more persuasive to a jury than a tape of a mob boss ordering a hit or describing the chain of command of his criminal organization.

As with the RICO statute, recent amendments to the electronic surveillance statute have helped to keep investigators and prosecutors up to speed with technological developments and the increased sophistication of our targets.

The Electronic Communications Privacy Act of 1986 provides authorization for a "roving tap" that enables law enforcement

officers to intercept a target's criminal conversations without specifying the exact location to be bugged or telephone to be tapped in advance of the court order. 41/ Before the enactment of this amendment, an order authorizing electronic surveillance was required to indicate with particularity the telephone or location where the interception was to occur. This requirement proved impractical in cases where suspects met in parking lots and open fields, or move from hotel room to hotel room, to avoid being overheard by law enforcement. The new amendments also establish procedures for conducting intercepts of cellular telephones, digital readout beepers and electronic mail.

Another of the 1986 amendments about which we are enthusiastic authorizes state and local law enforcement officers to monitor an ongoing federal wiretap under the direction of a federal law enforcement officer without the need for going through the special deputization procedure. Over the years, state and local law enforcement officers, as members of joint investigative teams, have devoted many hours to manning federal wires that have led to successful organized crime prosecutions. We want to encourage these joint efforts and this should further that end.

A third recent statutory enactment which we anticipate will result in a significant number of prosecutions in the organized crime area is the Money Laundering Control Act of 1986. The Act created two new offenses, generically designated as "money laundering", which were codified at 18 U.S.C. §§ 1956 and 1957.

Section 1956 criminalizes virtually any dealings with the proceeds of a wide range of "specified unlawful activities" when those dealings are aimed at furthering the same "specified unlawful activities" or at concealing or disguising the source, ownership, location, or nature of the proceeds. Section 1957 creates a new offense entitled "engaging in monetary transactions in property derived from specified unlawful activity." In effect, this statute proscribes any knowing receipt of criminally derived funds when over $10,000 is involved and a financial institution is utilized at some point. As a practical matter, these statutes give us the means to prosecute organized crime figures for spending their dirty money, depositing it, investing it, transferring it, or doing almost anything with it other than hiding it under their mattresses.

The 1986 Act also added a new crime to the Bank Secrecy Act entitled "structuring to evade reporting requirements." Section 5324 of Title 31 is specifically intended to overrule a line of cases initiated by United States v. Anzalone, 766 F.2d 676 (1st Cir. 1985). Under the terms of this statute, it is unlawful to cause or attempt to cause a domestic financial institution to fail to file a Currency Transaction Report (CTR) or file a CTR with omissions or misstatements. Further, and most significantly, it is now unlawful to "structure," "assist in structuring," or attempt to do either of the above with one or more domestic financial institutions. In addition to these new offenses, the Money Laundering Control Act authorizes both civil

and criminal forfeitures relating to money laundering. Sections 1956 and 1957 as well as the currency reporting requirements of Title 31 have been made RICO and Title III predicates.

National Coordination

A second factor which has played an important role in the successful prosecution of organized crime is the coordination of our organized crime program on the national level through the Organized Crime and Racketeering Section of the Criminal Division. The battle against organized crime is being fought on many fronts. RICO cases often involve predicate crimes committed in more than one district. As a result of the review and coordination of RICO prosecutions at the national level, numerous organized crime defendants have been prosecuted in two or more RICO cases without any violations of the double jeopardy clause.

As the Kansas City skimming prosecution demonstrated, organized crime investigations also frequently involve electronic surveillance ongoing in different judicial districts simultaneously. If these investigations are not coordinated, the significance of leads may be missed and the potential for further prosecutions lost. Again the Kansas City case is a good example. It began as an investigation to prevent suspected gangland murders in the Kansas City area. During the course of the investigation, information was uncovered which eventually led to disclosure of the skimming activity and the involvement of organized crime figures from several cities. The investigation ultimately involved approximately 100 FBI agents.

National coordination is also important to informed decision-making as to the expenditure of resources.

Contribution of Local Authorities

A third ingredient in the formula for successful organized crime prosecution is the assistance and cooperation of local authorities. The Strike Force concept encourages federal prosecutors and agents to work closely with local authorities in developing organized crime cases. The fact is that local investigators and prosecutors have made immeasurable contributions to the successful prosecutions I have described in this testimony.

RICO prosecutions are frequently based in part on offenses which are normally prosecuted on the local level, such as murder or robbery. When such state offenses are incorporated into a RICO prosecution, the expertise of state investigators and prosecutors is indispensable. In several federal prosecutions, local prosecutors have been temporarily cross-designated as federal prosecutors to assist in the federal prosecution.

Local authorities also make a significant contribution by continuing to prosecute traditional organized crime moneymaking activities such as gambling and prostitution. If we are to win this war, we must squeeze the mob from both ends -- at the street level where the local expertise lies and in the syndicate boardrooms where we can take advantage of the FBI's expertise in undercover investigations and electronic surveillance. Organized

crime prosecution on the national level will not be successful if there is not aggressive prosecution on the local level as well.

These are some of the ingredients in the successful formula for fighting organized crime: effective laws, national coordination, and local cooperation. All three ingredients have played important roles in our success.

CHALLENGES FOR THE FUTURE

What, then, is our blueprint for the next few years?

First, we will keep the pressure on the LCN. The day that one mobster is put into jail is the day we start building our case against his possible successor. We will continue to pursue RICO prosecutions of entire LCN families and utilize the forfeiture provisions to the fullest extent possible.

Second, we will increase our scrutiny of industries to identify those that are infected by organized crime and we will continue to vigorously pursue every available means of liberating organizations or businesses which have been corrupted or taken over by the mob. In this regard, we are in the process of informing the United States Attorneys' Offices and the Strike Forces on the virtues of civil RICO and how it can be used effectively. The Criminal Division has published and distributed a manual on the use of civil RICO and the Organized Crime and Racketeering Section plans to sponsor a civil RICO seminar in conjunction with the Attorney General's Advocacy Institute. We are also drawing on the expertise of our Civil Division

attorneys. Another avenue we are exploring is the prospect of using the antitrust laws as a method of loosening the grip of organized crime on our economy, a prospect about which Assistant Attorney General Rule of the Antitrust Division is enthusiastic. We have identified to the Antitrust Division areas where its analytical resources can be used to examine anti-competitive practices engaged in by the mob, such as bid rigging and price fixing -- practices that may be reachable under an antitrust theory even without evidence of violence or extortionate tactics.

Third, we will emphasize the early investigation and prosecution of non-traditional or non-LCN organized crime syndicates -- sometimes referred to as emerging groups. The increasing concern expressed by state and local authorities, particularly on the West Coast, prompted intensive study over the past year, by both the FBI and the Criminal Division, of the threat posed by Asian organized crime groups operating in this country. The results of that study have confirmed the severity of the threat posed by Asian organized crime groups and the need for federal involvement in some areas of the country.

Our attention is focused most closely on a few Chinese criminal groups now operating in the United States such as the Wah Ching on the West Coast, the Hip Sing in New York and the Ping On in Boston. These groups have evolved from street gangs that acted as lookouts for gambling games to powerful syndicates who sometimes employ the less developed Vietnamese gangs as their enforcers and whose criminal activities in this country rival

(and in some instances surpass) the LCN in terms of diversity and violence. Their criminal portfolios include illegal gambling, loansharking, heroin trafficking, money laundering, contract murder, interstate prostitution and theft rings, and alien smuggling. And they are adopting the earmark of organized crime -- corruption of our public officials and institutions -- as their modus operandi.

To meet this growing threat we have tasked the Strike Forces with targeting Asian organized crime groups for prosecution using the enterprise theory that has proven successful in attacking the LCN. The Federal Bureau of Investigation, Drug Enforcement Administration, Immigration and Naturalization Service, Internal Revenue Service, Bureau of Alcohol, Tobacco and Firearms, and U.S. Customs Service all have pledged their support and cooperation in this new initiative and we will again draw on the expertise of state and local law enforcement authorities.

## CONCLUSION

In conclusion, I would like to return to my initial theme. We have made progress against organized crime, but we cannot let up our pressure. The LCN must not be underestimated. We simply cannot slip into complacency because we have won significant victories. Only by sustaining our effort will we continue to reduce the threat from organized crime. It has been said that eternal vigilance is the price of liberty. Eternal vigilance is also the price we must pay for a society free from the parasite of organized crime.

On behalf of the Department of Justice, I thank you for your wisdom in giving us powerful tools with which to fight organized crime, and I enlist your continued support in our efforts.

Footnotes

1/ United States v. Angiulo, No. 83-235-N (D. Mass. filed Sept. 17, 1983).

2/ United States v. Russotti, No. 82-156 (W.D.N.Y. filed Nov. 8, 1982), convictions affirmed sub nom. United States v. Paone, 782 F.2d 386 (2d Cir. 1986), cert. denied, 107 S. Ct. 269 (1987).

3/ United States v. DeLuna, No. 83-124 (W.D. Mo. filed Sept. 30, 1983), convictions affirmed sub nom. United States v. Cerone, No. 86-1439 (8th Cir. Oct. 8, 1987).

4/ United States v. Gallo, No. 82-119 (N.D. Ohio filed July 6, 1982)

5/ United States v. Dorfman, No. 81-CR-269 (N.D. Ill. filed May 22, 1981), convictions affirmed sub nom. United States v. Williams, 737 F.2d 594 (7th Cir. 1984), cert. denied, 470 U.S. 1003 (1985).

6/ United States v. Gallo, No. 82-119 (N.D. Ohio filed July 6, 1982).

7/ United States v. Licavoli, No. CR-79-103 (N.D. Ohio filed May 3, 1979), convictions affirmed, 725 F.2d 1040 (6th Cir), cert. denied, 467 U.S. 1252 (1984).

8/ United States v. Brooklier, No. 79-126-TH-A (C.D. Cal. filed May 15, 1980), convictions affirmed, 685 F.2d 1208 (9th Cir. 1982), cert. denied, 459 U.S. 1206 (1983).

9/ United States v. Marcello, No. 80-276-G (E.D. La. filed June 17, 1980), convictions affirmed sub nom. United States v. Roemer, 703 F.2d 805 (5th Cir. 1983), cert. denied, 464 U.S. 935 (1983).

10/ United States v. Salerno, No. S-85-CR-139-RO (S.D.N.Y. filed Feb. 26, 1985).

11/ United States v. Persico, No. S-84-CR-809 (S.D.N.Y. filed Oct. 24, 1984).

12/ United States v. Rastelli, No. 85-345 (E.D.N.Y. filed June 10, 1985).

13/ United States v. Santoro, No. 85-100 (E.D.N.Y. filed Feb. 20, 1985).

14/ United States v. Gallo, No. 86-452 (E.D.N.Y. filed Sept. 21, 1983).

15/ United States v. Ruggiero, No. 83-CR-412 (E.D.N.Y. filed Sept. 21, 1983).

16/ United States v. Dellacroce, (E.D.N.Y. filed March 28, 1985). At the time of his death, Castellano was on trial with several co-defendants for RICO-related charges. His principal co-defendants were convicted in that case.

17/ United States v. Salerno, No. 86-CR-245 (S.D.N.Y. filed March 21, 1986).

18/ United States v. Badalamenti, No. 84-236 (S.D.N.Y. filed April 19, 1984).

19/ United States v. Scarfo, No. 88-0003 (E.D. Pa. filed January 11, 1988).

20/ United States v. Testa, No. 81-49 (E.D. Pa. filed Feb. 19, 1981), convictions affirmed sub nom. United States v. Riccobene, 709 F.2d 214 (3d Cir.), cert. denied sub nom. Ciancaglini v. United States, 104 S. Ct. 157 (1983).

21/ United States v. Beloff, No. 86-453 (E.D. Pa. filed Jan. 5, 1987).

22/ United States v. Salerno, No. S-85-CR-139-RO (S.D.N.Y. filed Feb. 26, 1985).

23/ United States v. Persico, No. S-84-CR-809 (S.D.N.Y. filed Oct. 24, 1984).

24/ United States v. Rastelli, No. 85-345 (E.D.N.Y. filed June 10, 1985).

25/ United States v. Santoro, No. 85-100 (E.D.N.Y. superseding indictment filed June 13, 1986).

26/ United States v. Standard Drywall Corp., No. 85-036 (E.D.N.Y. filed January 14, 1985).

27/ United States v. Boffa, 688 F.2d 919 (3d Cir. 1982), cert. denied, 103 S. Ct. 1272 (1983).

28/ United States v. Franzese, No. 85-755 (E.D.N.Y. filed Dec. 19, 1985).

29/ United States v. Rossetti, No. 86-2 (D. Conn. filed June 27, 1986).

30/ United States v. DiGilio, No. 86-340 (D. N.J. filed Nov. 3, 1986).

31/ United States v. Collins, No. 84-20715 (E.D. Mich. filed Dec. 21, 1984).

32/ United States v. Local 560, International Brotherhood of Teamsters, 780 F.2d 267 (3d Cir. 1985), cert. denied, 106 S. Ct. 2247 (1986).

33/ United States v. Local 6A, Cement and Concrete Workers, Laborers International Union of North America, No. 86 Civ. 4819 (VLB) (S.D.N.Y. filed June 19, 1986).

34/ United States v. Ianniello, No. 86 Civ. 1552-CSH (S.D.N.Y. filed Feb. 12, 1986). See also 824 F.2d 203 (2d Cir. 1987).

35/ United States v. The Bonanno Organized Crime Family, No. CV-87-2974 (E.D.N.Y. filed August 26, 1987).

36/ United States v. Local 359, United Seafood Workers, No. 87 Civ 7351 (S.D.N.Y. filed October 15, 1987).

37/ United States v. Local 30, United Slate, Tile and Composition Roofers, Damp and Waterproof Workers Association, No. 87-7718 (E.D. Pa. filed Dec. 2, 1987).

38/ United States v. Barnette, No. 85-754-CIV-J-16 (M.D. Fla. filed May 16, 1985).

39/ United States v. Shasho, No. CV-86-1667 (E.D.N.Y. filed May 19, 1987).

40/ United States v. Turoff, No. CV-87-1324 (E.D.N.Y. filed April 29, 1987).

41/ 18 U.S.C. § 2518(11).

Statement of
David C. Williams, Director
Office of Special Investigations

Mr. Chairman and Members of the Subcommittee

I appreciate this opportunity to appear here today. At your request, the Office of Special Investigations, U.S. General Accounting Office, has gathered information on the effectiveness of the U.S. Government's law enforcement efforts directed against La Cosa Nostra (LCN) and on the future course of those efforts. Today, I will discuss the results of our examination.

Much of our information was gained from extensive interviews with individuals in the law enforcement community, including members of federal strike forces, state government agencies, and various U.S. attorneys' offices. The attorneys we interviewed had collectively prosecuted over 80 LCN members and associates. We also sought the views of dozens of law enforcement agents in the cities where the LCN is known to operate. We have relied heavily on the knowledge, judgment, and experience of these individuals. Some have information obtained from undercover agents and informants. Others have listened to many hours of conversations between LCN members and leaders that were intercepted electronically as part of criminal investigations.

The LCN criminal enterprises are secretive in nature. Therefore, the size of the LCN and the scope of its activities are difficult to determine. The effects of the government's efforts directed against it are difficult to judge as well. Nonetheless, it is clear the government has had recent successes against the LCN.

At the same time, law enforcement officials have informed us that the LCN still survives and possesses an array of assets and revenue-earning enterprises, both legitimate and illegitimate. The challenge ahead for the Nation's law enforcement community is great.

Today, I will begin by addressing the LCN's origin and evolution. I will follow with a discussion of what we have learned about the government's recent efforts directed against the LCN, and the effectiveness of these efforts. I will conclude my statement today with some suggestions as to the future direction of these efforts, which we have gathered in our interviews with law enforcement officials.

## THE ORGANIZATION AND ITS CODE

The LCN can be traced to a revolutionary organization in Sicily called the Mafia. Elements of the Mafia fled Italy and immigrated to this country during the late 1800's. By 1890, Mafia organizations were established in New Orleans, New York, and elsewhere. In the 1920's, Prohibition provided these organizations with opportunities to develop great wealth and power. By 1931, La Cosa Nostra, the American version of the Mafia, had become organized and operational.

In the nearly 60 years of the LCN's evolution, a sophisticated and stable criminal organization has developed with rules and a behavioral code that have contributed to its success and survival.

The Federal Bureau of Investigation (FBI) has estimated that the LCN empire consists of 25 families, or centers of power, that together contain at least 2,000 members, each member having a number of associates. These families, which are largely independent, local organizations, comprise a confederation and acknowledge the authority of a commission consisting of the leaders of the most powerful LCN families.

Remarkably similar ruling bureaucracies are found among the families and have existed since the LCN's early years. The family is led by a boss, or "capo," whose deputy is called an underboss, or "sottocapo." Senior officials who provide advice, mediate disputes, and have important networks of contacts, but have no line authority, are called "consiglieres." The soldiers, or "wiseguys," are organized into groups of varying sizes and are led by street bosses, or "caporegimes." Each family has associates at the lowest levels with whom the family shares its profits.

Behavior in the families is dictated by a code. The strongest features of this code are respect for the LCN leaders and "omerta," which dictates that members are forbidden from betraying one another to the police.

Another feature of the LCN is its dependency on violence. Violence is practiced to enforce omerta, to eliminate competition, to extort payments, to intimidate witnesses and victims, and to remove partners in failed financial ventures.

The LCN's sole purpose is to make money. The backbone of the organization is its reliance on street vice, such as narcotics, gambling, and loan-sharking. Certain secondary criminal activities are also necessary to protect the LCN's enterprises and to insulate its leaders. These criminal activities include murder, political corruption, and union domination.

One of the LCN's most insidious enterprises is labor racketeering, which not only generates cash, but also provides the LCN with power and influence. Most of the thousands of labor unions in this country are law abiding and free of any associations with organized crime. However, for many years, the LCN has exploited some labor unions. In many cases, the LCN-dominated unions have proven to be particularly valuable to the LCN in gaining and maintaining control of industries, such as construction, transportation, and meat-processing. In recent

years, the LCN's methods of exploitation have become more sophisticated. The LCN has turned from looting the unions, which have annual receipts of $9.5 billion, to stealing from union pension and welfare funds, which have assets worth more than $1 trillion.

In the 1960's and early 1970's, the LCN stole from union benefit funds through loan schemes and used the proceeds to finance LCN enterprises and purchase business assets. However, because of the risks posed by laws such as ERISA, the Employee Retirement Income Security Act, and, more recently, the Crime Control Act of 1984, the LCN has been forced to change its tactics. In recent years, the LCN has developed highly sophisticated schemes that drain pension and welfare funds through phoney service providers, which provide no services, and through cooperative service providers that kick back overcharges to the LCN. These mob-service providers include medical, dental, and eye care clinics; legal service providers; and financial planners and accountants.

The LCN is so deeply involved in certain industries, such as shipping, construction, meat-processing, and waste disposal, that sectors of the U.S. economy are heavily influenced by the mob's presence.

From its holdings in legitimate businesses and its dominance of certain unions, the LCN has acquired a veneer of respectability.

This has been translated into an impressive network of political and corporate contacts.

## THE GOVERNMENT'S EFFORTS TO COMBAT ORGANIZED CRIME

In 1951, a congressional committee chaired by Senator Estes Kefauver declared that a nationwide crime cartel, which it called the Mafia, operated in many large cities throughout the United States. In 1957, authorities discovered at least 75 of the Nation's organized crime leaders gathered for a meeting in Apalachin, New York. Following this discovery, public hearings were held by Senator John L. McClellan, Chairman of the Select Senate Committee investigating the infiltration of organized crime into labor and business. At that time, McClellan also served as Chairman of the Senate Permanent Subcommittee on Investigations. These hearings, which were held between 1958 and 1961, disclosed further evidence of a massive criminal organization in the United States.

After the McClellan Committee hearings, then-Attorney General Robert Kennedy launched a concerted federal law enforcement effort against the LCN. One of the highlights of these efforts was the defection and testimony of LCN soldier Joseph Valachi.

In the late sixties, the Department of Justice created its Organized Crime Strike Force program, which brought together senior investigators and career prosecutors to investigate and prosecute LCN figures. At the same time, Congress began designing legal tools to combat organized crime, such as the Racketeering Influenced and Corrupt Organizations Act (RICO).

These legal tools, however, were not always put to immediate use by the government. Despite the passage of RICO in 1970, prosecutors proceeded cautiously and criminal indictments of high-level LCN members under RICO did not occur in significant numbers until the 1980's. The first civil RICO law suit was not filed until 1982, a full 12 years after the act's passage. The prosecutors caution was attributable, in part, to their need to become familiar with the new law and their uncertainty as to how the courts would react to such a far-reaching statute. However, in retrospect, such a lengthy delay in the use of RICO is difficult to justify.

An important development during the early stages was the increased use of electronic surveillance. Not only did technology improve in this area, but federal and local law enforcement personnel learned how better to prepare and present probable cause affidavits in support of requests for surveillance warrants and better use the information obtained through electronic surveillance.

Around 1980, the government began emphasizing the use of wiretaps and room microphones in organized crime enforcement efforts, with a view toward focusing their efforts on the larger criminal conspiracies engaged in by the LCN. By this time, criminal prosecutions under RICO by the Department of Justice were more common. Civil RICO cases were also being pursued. For example, the International Brotherhood of Teamsters (IBT) Local 560 was placed into trusteeship. Additionally, the FBI had been authorized to carry out intelligence collection and assessment efforts directed at the LCN.

LCN specialists within the New York Organized Crime Task Force and the FBI began focusing their efforts on the leadership of the five families in New York--the Colombo, Gambino, Genovese, Luchese, and Bonanno families. FBI squads were set up to attack the criminal activities of each family. These squads studied the structures and the enterprises of each of the five families. Evidence was then collected connecting these enterprises to the family hierarchy. About this time, the FBI began to work jointly with other criminal investigative experts, such as investigators from the New York City Organized Crime Task Force and Department of Labor's Office of Labor Racketeering, in attacking the LCN. There was also a cooperative effort between the FBI and the New York Police Department (NYPD), which combined the experience of New York City detectives and the resources of the FBI.

These efforts produced significant results. The Commission case (United States v. Salerno, S85 CR 139 [RO] SDNY) resulted in the conviction of three of the New York City bosses on labor racketeering charges related to control of the concrete industry in New York City. The Pizza Connection case (United States v. Badalementi, SDNY 84-236) resulted in the conviction of 17 individuals on charges related to trafficking in heroin between the United States and Sicily and the laundering of $25 million in profits.

Further west, two FBI-Strike Force Operations--Pendorf in Chicago and Strawman in Kansas City--led to the conviction of members of the Chicago family as well as LCN leaders in Milwaukee and Cleveland. Both investigations concerned the Teamster Central State Pension Funds in Chicago, and, in particular, use of the funds to provide the LCN secret ownership of real estate and businesses, especially in the casino industry in Las Vegas.

Between 1983 and 1986, over 2,500 LCN members and associates were indicted. Among those convicted were the following 16 mob bosses:

(1) Tony Salerno--boss of the Genovese family in New York City;

(2) Tony Corallo--boss of the Luchese family in New York City;

(3) Carmine Persico--boss of the Colombo family in New York City;

(4) Phillip Rastelli--boss of the Bonanno family in New York City;

(5) Eugene Smaldone--boss of the LCN family in Denver;

(6) Carlos Marcello--boss of the LCN family in New Orleans;

(7) Joseph Aiuppa--boss of the LCN family in Chicago;

(8) Nick Civella--boss of the LCN family in Kansas City;

(9) Carl Civella--successor boss of the LCN family in Kansas City;

(10) Dominick Brooklier--boss of the LCN family in Los Angeles;

(11) Frank Balistrieri--boss of the LCN family in Milwaukee;

(12) Gennaro Angiulo--boss of the Boston branch of the LCN;

(13) Russell Bufalino--boss of the LCN family in Pittston, Pennsylvania;

(14) Nicodemo Scarfo--boss of the LCN family in Philadelphia;

(15) James Licavoli--boss of the LCN family in Cleveland; and

(16) Michael Trupiano, Jr.--boss of the LCN family in St. Louis.

In recent years, court-imposed penalties have also allowed the government to begin seizing cash and other assets from the LCN. In the Boston Strike Force's Angiulo case, $4 million in assets were seized and fines of $250,000 were levied against defendants.

In 1982, 22 years after the McClellan hearing exposed the LCN-union connection, the government sought to place the International Brotherhood of Teamsters Local 560 into trusteeship. Since then, the government has filed civil RICO suits in New York City involving Local 6A Cement and Concrete Workers of the Laborers International Union of North America, the International Brotherhood of Teamsters Local 814, and the United Seafood Workers Union Local 359. In Philadelphia, the Justice Department has asked the court to place the Roofers Union Local 30-30B under trusteeship. It is widely reported that the government is preparing to seek trusteeship for the International Brotherhood of Teamsters, the largest of the four international unions dominated by the LCN.

The membership losses caused by the governme t's continuous war have presented the LCN with a number of problems. First, the recent convictions of LCN leaders have left leadership vacancies and, as a result, operational difficulties. Within many families, a number of leaders at the caporegima level and above were removed simultaneously. This forced sudden promotions from lower, less experienced ranks.

Let me explain how the forced promotions have damaged the LCN's operations. The LCN has several tiers of criminal enterprises. Generally, the lowest level street-crime enterprises, such as illegal drug sales, gambling, and loan-sharking, are managed by the soldiers and associates. These enterprises do not require sophisticated management skills and contacts; they rely heavily on intimidation, threats, and violence. The higher tiers of the criminal enterprises, such as industry management, political corruption, and labor racketeering, are conducted by the LCN leadership. The activities at these levels rely on networking between the LCN and co-conspirators who craft fragile and complex agreements for their mutual benefit. Managing these activities requires managerial ability and experience. Inexperienced, violent wiseguys who are promoted too quickly to the LCN's top management to replace convicted leaders lack the skills needed to oversee the more sophisticated enterprises operated by the upper levels of the LCN.

Second, the LCN cannot simply hire entry-level replacements. Recruitment is risky. Undercover agents and confidential informants from a host of law enforcement agencies eagerly await recruitment opportunities. In addition, affiliation with the LCN has become increasingly hazardous. Government convictions and the resulting mob wars over succession rights have made once attractive membership opportunities now fearful prospects for professional criminals.

Finally, the lengthy sentences being given convicted LCN members, pretrial detention, and the Witness Security Program have resulted in the defection of LCN members in key positions. For example, the conviction of LCN members on drug-related charges can bring lengthy sentences. These prison sentences sometimes result in members betraying one another in exchange for leniency. This pattern of betrayal contributes to the success of the government's efforts as well as the further deterioration of the LCN's important code of omerta. At the same time, the continuing prosecution of the LCN's most powerful leaders has undermined respect for the bosses within the organization.

THE GOVERNMENT'S RESOURCES

Today, the law enforcement community has a number of effective legal tools to assist it in its efforts.

I have already mentioned RICO--the Racketeering Influenced and Corrupt Organization Act. Prior to the passage of this act, attacking an organized criminal group was an awkward affair. RICO facilitated the prosecution of a criminal group involved in superficially unrelated criminal ventures and enterprises connected only at the usually well-insulated upper levels of the organization's bureaucracy.

The act prescribed serious criminal penalties for the kind of crimes that top LCN leaders engage in. Before the act, the government's efforts were necessarily piecemeal, attacking isolated segments of the organization as they engaged in single criminal acts. The leaders, when caught, were only penalized for what seemed to be unimportant crimes. The larger meaning of these crimes was lost because the big picture could not be presented in a single criminal prosecution. With the passage of RICO, the entire picture of the organization's criminal behavior and the involvement of its leaders in directing that behavior could be captured and presented.

The significance of this was demonstrated by the Commission case. In that case, which focused on the highest levels of LCN leadership, the bosses of the major crime families in New York were found guilty of engaging in a pattern of racketeering through the Commission--the ruling counsel for the LCN families.



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Evidence of the existence of the Commission was so compelling, the defendants did not even contest it.

The Comprehensive Crime Control Act of 1984, co-sponsored by you, Mr. Chairman, amended and strengthened various provisions of the federal law dealing with labor racketeering. With the passage of this act, individuals involved in bribes or payoffs now face felony charges. Additionally, the act lengthened the list of criminal violations that are a bar to employment in labor-management relation positions and positions with employees benefit plans. The act also increased the period a convicted labor racketeer could be barred from 5 years to 13 years.

The Witness Security Program has proven a boon in turning major crime figures into informants and witnesses. The cooperation and testimony of such program participants as Aladena "Jimmy" Fratianno and Angelo Lonardo have triggered numerous successful criminal prosecutions. These violations of the code of silence have made family members distrustful of one another and are weakening the foundation upon which the LCN was established.

Another significant tool is the Bail Reform Act of 1984, which established new guidelines for pre-trial detention. Several Strike Force attorneys report that as a result of the 1984 legislation, some defendants have pled guilty or become

cooperative witnesses. Without the Bail Reform Act, these defendants probably would not have done so. This is a change from the old system in which defendants would often cause lengthy delays in their trials while they were free on bail. Furthermore, the jailing of defendants awaiting trial or pending appeal has effectively disrupted their illegal businesses and destroyed the myth that the mob is invincible. Witnesses, too, have been more willing to cooperate with the knowledge that defendants are jailed.

Electronic surveillance is another tool that has been of great value to the law enforcement community to combat the LCN. Evidence gathered through electronic surveillance, such as the kind presented in the Commission and Strawman trials, has had a devastating impact on organized crime. The risks of being overheard preclude LCN members from freely communicating with one another and conducting day-to-day business. The use of intercepted communications as evidence has aided greatly in successfully prosecuting the mob. Electronic surveillance continues to grow in importance as a result of legislation such as the Electronic Communications Act of 1986, which allows wiretaps to be directed at an individual, not just a particular telephone, and technological developments, such as sophisticated equipment that permits unmanned surveillance.

FUTURE STRATEGY

Mr. Chairman, I have discussed some of the important results of the government's attack on the LCN. You also asked that we suggest a strategy the government may wish to consider in its future assault. Law enforcement officials have made various suggestions to us during our discussions with them regarding a future strategy to combat the LCN and other organized criminal groups. Based on those discussions, we offer seven suggestions.

First, the next stage of the government's efforts will require careful strategic planning. A well-thought-out plan should establish objectives, assign responsibilities, and allocate the government's finite resources. The current strike force planning vehicle, the National Organized Crime Planning council, could be expanded and intensified to accomplish this.

Second, our interviews suggest that the industries vulnerable to the LCN's influence, such as the waterfront, land transportation, construction, and garment manufacturing, may require sophisticated, imaginative restructuring by industry and labor if we are to make permanent progress in eliminating the influence of organized crime in those industries. For example, in New York

City, where customers are captive to particular garbage haulers, the city has proposed that garbage haulers bid for the right to business in assigned districts.

Third, the Department of Justice should begin using new legislative tools, such as the new Money Laundering Control Act, which is directed at the money-laundering services so necessary to the LCN, as quickly as possible. Focusing on the LCN's money-laundering services directs the government's efforts at the wealthy upper hierarchy of the LCN.

Fourth, the specter of foreign-based organized criminal immigration, which law enforcement agencies brought to our attention, requires prompt action on the part of the Immigration and Naturalization Service (INS). Organized criminal groups are preparing to flee Hong Kong when control of that territory reverts back to mainland China. Additionally, the "Maxi Trial" in Sicily is causing organized crime members to consider immigrating because of fears of prosecution. Columbian drug cartel members are also seeking to expand their operations in the United States. The INS must vigorously enforce the exclusion laws and develop strong working relationships with the police of other nations to prevent criminals from entering the United States. Taking action now will prevent these new organized criminal groups from establishing a base in this country.

Fifth, the LCN-dominated unions should not be allowed to remain under the mob's control. If they elect to be LCN-controlled enterprises, or if the LCN holds them captive, the government should take action to end the LCN's domination using current available civil and criminal remedies. In addition to the reported pending government actions against the International Brotherhood of Teamsters, the government should also consider taking action against the other LCN-dominated international unions named by the President's Commission on Organized Crime: the Laborers International Union of North America, the Hotel Employees and Restaurant Employees Union, and the International Longshoremen's Association.

Sixth, while law enforcement agencies pursue their attack on the LCN hierarchy, they must also seek to better understand and address the problem of the LCN's continuing recruitment and induction of new members.

My seventh and final point is that we must continue to focus public attention on the LCN and its activities. Publicity, like that provided by today's hearing, increases public understanding of how the LCN operates and so increases the risk of exposure for those participating in the organization's activities, particularly the political figures and businessmen and women who are enticed by the LCN's promises of large, easy profits.

Mr. Chairman, this concludes my statement. I will be pleased to respond to any questions you or other members of the Subcommittee may have at this time.

Hearings Before
Permanent Subcommittee on Investigations
on
Organized Crime: 25 Years After Valachi
* * *

Additional Questions for the Hearing Record

DAVID C. WILLIAMS
Director
Office of Special Investigations
General Accounting Office

Question

Could you briefly explain the methodology utilized by your office in its conduct of its study of organized crime and law enforcement efforts against it?

Answer

We interviewed attorneys experienced in the prosecution of LCN bosses and both federal and local law enforcement authorities in each of the cities where the LCN is known to operate.

These individuals were asked to measure the activity and influence of the LCN in criminal areas over the past 10 years, and identify investigative approaches found to be effective against the LCN. They were then asked to determine the effect of prosecutions on the LCN in their areas.

Their answers to our questions were compiled and represent the consensus views expressed in my testimony here today.

Question

During the course of your investigation, did you discern a change in the profile of the La Cosa Nostra membership? If so, what factors do you believe are responsible for this change? Will this change in the profile effect the methods utilized by law enforcement in its investigation of organized crime?

Answer

We found the emergence of a younger membership--thus younger, leadership--as a result of recent successful government prosecutions throughout the country. Many older, well-connected leaders of the LCN have been removed.

The prosecution of older members has created a significant void in the upper echelons resulting in power struggles among the younger, less experienced members. These younger members are now attempting to consolidate their influence and control over other

family members, and move into the more sophisticated operations and scams traditionally managed by the more experienced bosses. The younger members are attempting to handle these sophisticated operations without the wealth of contacts and experience of the older members, sometimes treating co-conspirators in the business world like victims as a result of their street orientation.

These changes present unique opportunities for law enforcement to use electronic surveillance, especially wiretaps, during this period when young members are trying to take over operations and need to engage in high volumes of simple, clear communications. Law enforcement can develop important witnesses caught in power struggles to take advantage of the lack of experience of the younger LCN members as they try to move into complex enterprises. We can expect businessmen who were allies of older LCN figures to cooperate with government when victimized and mishandled by the new young LCN members.

Question

Mr. Williams, your office was extremely helpful to the Subcommittee in compiling and analyzing the information used as a basis for the LCN charts that have been introduced this morning as Subcommittee exhibits. Could you briefly explain for the record what assistance you gave to the Subcommittee in that regard?

Answer

We sought and obtained from various federal and local law enforcement agencies their intelligence data on LCN membership, including the U.S. Attorney's Office for the Southern District of NY, DOL/OLR, FBI, Broward County Sheriff's Office, and several state crime commissions.

Data that these law enforcement sources provided us was originally obtained through court-approved wiretaps, informants, and public court testimony.

Information was also obtained from a 1983 Senate Judiciary hearing and from a Law Enforcement Reporting Service. These last two sources were regarded as secondary and were used to further confirm or describe LCN members identified from a primary source.

The criteria established by the Subcommittee was that two or more independent primary sources were necessary to establish an individual's membership in the LCN, with this criteria we compiled the names, positions, and families as shown on the charts here.

Question

Do you believe that the LCN has entered narcotics trafficking on a major scale even though it was allegedly banned by the LCN in 1949? If so, what type of narcotics trafficking are they involved in and what other criminal enterprises or groups is the LCN involved in the narcotics trade with? Is their interest in narcotics increasing?

Answer

Despite a so-called ban in 1949, there is evidence that the LCN has been heavily involved in narcotics trafficking for many years. LCN leaders have long been fearful and skeptical about the involvement with drugs for these reasons:

- They are fearful that their members and close associates will become addicted.

- They are fearful that the long prison sentences that drug charges bring will cause members to cooperate with the government against them.

- They are uncomfortable knowing they must work with other less disciplined organized crime groups that have no allegiance to the LCN or the code of Omerta.

- However, they fear that to avoid involvement in drug sales would cause them to become irrelevant or lose ground in their competition with non-traditional organized crime groups.

The LCN has historically been involved with importation and high-volume distribution of heroin from Southwest and Southeast Asia. More recently, the LCN has become one of many organizations that act as middlemen in cocaine distribution.

Drug trafficking brings the LCN into uncomfortable, often temporary alliances with many organized crime groups and gangs. We found that the LCN works with foreign-based organized crime groups and cartels in Asia, Mexico, and South America that manufacture and smuggle narcotics, and with ethnic street gangs and motorcycle gangs involved in high-risk, low-level distribution and street sales.

Our work has been unable to discern a trend in the LCN's involvement in narcotics sales. However, we can say that the LCN does not appear to have a monopoly on smuggling, financing, or distribution of narcotics. They represent one of many forces in a wide-open marketplace typified by temporary alliances in single-venture transactions.

Question

You have recommended that the government take action against other "LCN-dominated" international unions, particularly the Laborers International Union of North America, the Hotel Employees and Restaurant Employees Union, and the International Longshoreman's Association. What type of action do you feel is necessary? Specifically, are you recommending imposition of trusteeships under the provisions of civil RICO for those unions?

Answer

Labor organizations considered to be influenced by organized crime should be targeted for intensive scrutiny. The specific facts and conditions uncovered in an examination of a labor union's control by organized crime and involvement in criminal activity should dictate the appropriateness of using criminal/civil RICO.

The traditional investigative and enforcement activity leading to conviction and incarceration of organized crime figures and racketeers have not been effective in releasing the grip of the LCN from the unions they influence and control.

We found that the most effective method against organized crime's control of labor unions is through the use of criminal and civil RICO. RICO provides the courts with broad powers and a wide latitude to seize assets, attack the LCN's revenue earning enterprises, and effect appropriate remedies, beyond just the conviction of offenders, to permanently wrest control of a labor union from the LCN.

Question

Government efforts to impose trusteeships on certain unions have been criticized by many as efforts to "bust the unions". How would you respond to those criticisms?

Answer

"Union busting" is not the goal. Since the McClellan hearings 22 years ago, the unions have not taken any action to weed out corrupt leadership. Elected union officials hold a position of trust and a fiduciary responsibility to their members, but union members continue to be subjected to violence and economic intimidation by corrupt leaders. These leaders have looted the unions' benefit plans and extorted funds from employers at the expense of their members. Honest leadership of unions should be encouraged. The rank-and-file membership needs to know that their best interests are served by honest union officials.

Question

Assuming you were in the position of deciding whether or not to impose a trusteeship on a particular union, what criteria would you use in making that decision?

Answer

I would consider the following factors before deciding to impose a trusteeship or any other intrusive court-ordered remedy on a particular union: the union's history of corruption or criminal activity; the failure of traditional investigative and enforcement activity to eliminate corrupt influence and control in the union; the absence of a free and democratic process within the organization to select leaders; if the membership has been rendered voiceless and subservient to corrupt elements; the lack of financial integrity within the union; if the union's collective bargaining and grievance process has been undermined.

Question

These trusteeship actions against unions are a rather recent development. What, if any, problems has the government encountered both as to prevailing in these actions as well as in the operation of the trusteeship once it is imposed?

Answer

While the government's experience with trusteeships has been limited, the government has been successful in presenting evidence sufficient to convince the courts to impose trusteeships. The imposition of a trusteeship over Teamsters Local Union 560 resulted in an immediate benefit--the removal from office of approximately 22 officials and employees loyal to the corrupt Provenzano regime. For the first time in 25 years, the local's internal affairs were free from direct control by the Provenzanos.

The problems encountered in the implementation and operation of trusteeships include difficulty in identifying qualified trustees willing to take on long-term assignments, difficulty in determining the right trustee who knows how to protect the interests and concerns of the membership.

Trustees must restore integrity and maintain the representational process, i.e., collective bargaining, contract enforcement, and grievance procedures along with maintaining day-to-day union operations. They must protect jobs along with restoring a free, democratic process and involving the membership in the affairs of the union.

Question

Where trusteeships have been imposed, how well are they working and what is the prognosis, time-wise, for a return to a democratically-run union?

Answer

It is too early to evaluate the effectiveness of trusteeships. Teamsters Local Union 560 has provided the best experience to date in the use of trusteeships.

Some observations from this experience are that trustees can appoint business agents from among the membership, experienced individuals and from other labor organizations.

However, it is evident that the Provenzano enterprise has maintained a "shadow government" at Local 560. A February 15, 1987, New York Times article reported that Michael Sciarra, a close associate of Salvatore Provanzano, is favored to win the presidency. Sciarra is reportedly the choice of Matty "the Horse" Ianiello, a reputed Genovese crime family captain, according to a tape recording released in February 1987. Vocal opposition to the Provenzanos has begun to emerge. Court-approved elections for officers will take place in November of 1988, approximately two years after the trusteeship was imposed (June 1986).

The trusteeship could continue for an indefinite period after election to ensure implementation of reforms and to guard against retaliation or violence toward those who participate.

Question

As to the International Longshoreman's Association (ILA), this Subcommittee held extensive hearings on the FBI's UIRAC investigation on corruption in the ILA and the shipping industries in 1981. Has the government sustained its enforcement efforts in that area since UNIRAC? Has LCN influence in the ILA been reduced as a result of those enforcement efforts?

Answer

The FBI's attack on the ILA provides a good microcosm of the government's current efforts directed against the LCN. As a result of the UNIRAC investigation, organized crime elements in the ILA were devastated. Because the industry was left alone and was not restructured in any way, organized crime influence returned and regained its strength. The LCN influence in this industry is unchanged. The lesson to be learned from the UNIRAC investigation is that the government needs to seize assets and revenue-sharing enterprises of the LCN.

There have been some partial successes since UNIRAC. After his release from prison, Anthony Anastasia, one of the principal racketeers convicted in UNIRAC, assumed a $700 a week position with the Marine Engineers Beneficial Association in Brooklyn. When union officials were questioned by Department of Labor investigators, he was fired. No prosecution resulted. A number of other low-level officials with Local 1814 were indicted as a result of a joint investigation run by the Brooklyn District Attorney's Office. However, known organized crime members still serve as officers of Local 1814 and Local 1804-1. Additionally, the current racketeering trial of Donald Carson, an ILA vice president, and John Digilio, an identified member of the Genovese family is certainly evidence of continued law enforcement interest and activity.

Question

Recently this Subcommittee heard testimony that American drug traffickers have identified certain countries, such as Panama, as centers for their money-laundering activities. Do you see any evidence that LCN money-laundering activity is centered in certain geographical areas abroad and, if so, where?

Answer

OSI is not aware of which specific tax-haven countries the LCN's money-laundering activity is centered, but there are indications that the Caribbean continues to dominate due to its proximity to the United States. Asia, Hong Kong and the Channel Islands are growing in prominence as money-laundering centers for non-traditional organized crime groups.

Money is also laundered through the legitimate businesses owned by LCN figures. At the lower-levels of organized crime, these individuals continue to hide cash rather than attempting to launder the funds.

Question

You mentioned the importance of the labor-management racketeering amendments which we passed in 1984 and which increased both the length of time a convicted racketeer was barred from union office as well as the number of crimes for which he could be barred. What government agency is responsible for enforcing those provisions and, in you opinion, are the provisions being complied with?

Answer

The Justice Department is responsible for enforcing these provisions. Justice takes the approach that a convicted labor racketeer must be notified that he is to vacate his office. He may be prosecuted at that point if he refuses to do so. Our study did not focus on whether office holders openly defying removal were aggressively prosecuted, however, such prosecution is obviously essential. Justice is currently notifying some convicted racketeers of the bar, but staff limitations do not permit them to make all notifications.

The Office of Labor Racketeering makes their own notification to fill this void. However, labor racketeers convicted by other agencies, such as the IRS and FBI, are not always being notified to vacate their offices.

Question

What is your definition of Labor Racketeering? Is it merely the theft of pension funds and benefit plans or does it encompass a broader range of criminal activity?

Answer

The definition of labor racketeering is broader than just benefit-plan abuse. The service-provider abuses that I described are merely the state-of-the-art crimes being committed. Labor racketeering can be defined as the corrupt use of union power and trust funds for personal gain. Labor racketeering encompasses a broad range of criminal activity that can generally be broken down into four general categories:

1. Abuses related to internal union affairs are those through which organized crime seeks to gain dominance and control of a union. These violations often involve violence, union election fraud, and deprivation of union members' rights.

2. Abuses related to labor-management relations enable the LCN to enter into "sweetheart contracts" with private businesses and to extort payments from them. These abusive relationships provide the LCN with access to the corporate world and facilitate the infiltration into private business.

3. Abuses of employee-benefits plans make the power of finance available to the LCN. The LCN utilizes these finances to acquire assets for themselves and to cultivate powerful contracts in the business world by making loan monies and service contracts available to influential people.

4. Abuses related to the utilization of a labor organization for the acquisition of power and influence provide a veneer of respectability for the LCN. They also provide a power base for political connections at the local, state, and federal level. Labor organizations are the most powerful tool the LCN has to engage in political corruption. Through labor organizations, the LCN can provide financial contributions from the union's political action committees to politicians, and deliver votes through political endorsements. The IBT has, in fact, publicly boasted that they control over 10 million votes.

Question

In your recommendations, you state that there is a need for long term strategic planning? Did your study determine a deficiency in strategic planning or a distinct lack of coordination between the law enforcement agencies involved in the investigation of organized crime?

Answer

There is a need for strong leadership to promote coordination of projects requiring long-term commitments and labor-intensive efforts. The need for strategic planning is being increasingly recognized.

The mechanisms for coordination have been in place since the late 60's. The Strike Force National Organized Crime Planning Counsel (NOCPC), and more recently memorandums of understanding between agencies can be used for coordination and planning. NOCPC in the past has been used primarily for liaison and overview studies but must now focus their efforts towards strategic planning for the commitment of agency resources and provide coordination of resources.

In the Southern District of New York under the leadership of Louis Freeh the FBI/NYPD Task Force was a model of constructive cooperation. The strategy of the future for criminal and civil RICO is a highly technical, labor intensive investigation. Success relies on the use and coordination of all the government's information and resources.

Question

Due to the length of time that it took the Department of Justice to fully utilize the RICO statute, does GAO have any specific recommendations as to how the recently enacted money laundering provisions as well as civil RICO may be brought on line and utilized in a more timely fashion?

Answer

Yes, we recommend DOJ require specialized training for organized crime prosecutors on use of Title 31 and Civil RICO. They should capitalize on the experience of those involved in past successes, i.e., Robert Stewart, IBT 560, by using them in the training programs.

Justice should encourage agencies to commit resources to long-term, difficult investigations such as criminal and civil RICO. The January 20, 1988, DOJ decision to place strike force career prosecutors under U.S. Attorney's offices should be monitored to ensure that it does not adversely affect investigation efforts due to the increased layering of bureaucracy, slowing decision-making/approval process; the reluctance of U.S. attorneys to engage in long-term cases; the reluctance to commit resources to interdistrict investigations; and redirection of organized crime resources to meet other demands/pressures on U.S. attorneys.

Question

During the course of your investigation, were you able to determine or gauge the strength of non-traditional or emerging organized groups in the United States today? Do they work independently or in concert with the LCN?

Answer

Although criminal strength of emerging, or non-traditional, groups cannot accurately be determined, consensus within the law enforcement community is that these groups are unquestionably growing in size and strength. According to estimates, the Columbian and Jamaican drug gangs have grown to the extent that they may soon rival the LCN in size and strength. What Prohibition did for the rapid development of the LCN, drug sales are doing for these groups.

The emergence of non-traditional organized groups imposes an ever-increasing burden on law enforcement in the United States. We anticipate an influx of Sicilian organized crime figures into the U.S. as a consequence of the Maxi trials in Sicily and gang wars that are expected to erupt to fill the void in the leadership of sicilian Mafia. Other emerging groups, such as street gangs in Los Angeles, Chicago, and other large U.S. cities, also present an increasing threat. Additionally, motorcycle and prison gangs continue to be a constant problem for law enforcement authorities.

Oriental organized crime groups, particularly Chinese Triads, are growing in significance. As I have stated the Chinese Triads, with their strong, anti-communist history, may be expected to flee to Canada and the United States as the British

Colony of Hong Kong reverts to the Republic of China in 1997. The Vietnamese gangs, although comparatively small and unsophisticated, could pose an increasing threat as they gain experience and align themselves with other groups, such as the Chinese Triads.

These emerging groups generally operate independently. However, considerable evidence exists that the groups will occasionally work in concert with the LCN by either providing or obtaining services to their mutual benefit on specific ventures and transactions.

Question

Did your investigation reveal the extent of organized crime's money laundering activities? Do you have any specific recommendations as to how these activities may be curtailed?

Answer

Our investigation did not examine any money laundering activities, but we found large examples of such activities in the Pizza Connection case ($25 million) and the Anguilo case. The extent of money laundering by organized crime is difficult to assess because of the concealed nature of the activity. Recent cases brought to light show instances of bank/brokerage firms wittingly and unwittingly assisting in the laundering of money from illegal enterprises. There are indications that organized crime is beginning to infiltrate financial institutions for profit as well as concealment of transactions of illegal enterprises.

We have three recommendations to curtail money laundering activities: First, tax crimes are not an offense for which wiretaps can be authorized under current law; Congress should consider the appropriateness of using wiretaps in the investigation of tax crimes committed by organized crime elements. This would be done by augmenting 18 USC 2516. Secondly, recently enacted money laundering statutes require the element of "knowledge." This requirement in prosecutions under 18 USC 1956 and 1957 should be removed. Finally, the Treasury Department should greatly expand its intelligence analysis of suspected wire transfers. It is far more efficient for the criminal element to use wire transfers and nominee accounts to launder large dollar proceeds than it is to play with numerous CTR of relatively small amounts (CTR's must be completed for amounts greater than $10,000).

Question

In your opinion, what is the current status of organized crime as opposed to its status 25 years ago at the time of the Valachi hearings?

Answer

Over the past 25 years, the LCN evolved from ethnic neighborhood gangs with decentralized power in hands of middle managers in the prime of life to an organization of centralized power held by aging leaders forming a pyramid-like hierarchy. The middle management level of this structure has been devastated by the government's attack.

The source of power for Valachi's mob was the ethnic neighborhoods, which supported the old world qualities of allegiance, respect, and a code of secrecy. Today's newer members are a product of America in the eighties. This generation does not lend itself well to the old world qualities. Violence and raw extortion of victims have diminished since the Valachi era. Today, violence is used almost exclusively to maintain internal order. Today, the LCN has begun to focus on white collar criminal activities. Their timing may be unfortunate because federal enforcement agencies are now more adept at investigating white collar crime than they were in the past.

Question

Do you have any specific recommendations as to what Congress can do to aid law enforcement efforts in their investigation of organized crime?

Answer

Labor racketeering is at the heart of many organized crime operations and often serves as a means for facilitating other activities. This should be a top priority of the DOJ, FBI, and DOL/OLR. It has been ten years since the creation of OLR. The Secretary of Labor and Congress should examine the level of commitment by DOL to its attack on labor racketeering. There are only 100 agents for this nationwide program, and those agents have never been provided the necessary authority and powers to engage in law enforcement activities.

Continuing Congressional oversight is needed to assure that the DOL/FBI coordinate their efforts, rather than squander resources by duplication and working at cross purposes.

Congress should request that DOJ reexamine its initiative (1/20/88) to place Federal Strike Forces under local U.S.

attorneys. The decision may negatively impact on the Strike Forces. As I pointed out before, Congress should exercise continuing oversight of the planning process, commitment of resources and mechanisms for coordination between agencies.

In 1972, Congress provided a powerful tool - RICO. Congress should encourage the use of Civil RICO and similar laws that provide the means to take from organized crime their ill-gotten profits. As Civil RICO becomes more heavily used, DOJ may discover legislative remedies to streamline what is now a massive, labor-intensive process.

Question

Do you believe that the Federal Government needs to take any steps to assist state and local agencies in their efforts against organized crime? If so, explain.

Answer

Organized crime is a nationwide problem affecting all community and population centers. State and local law enforcement efforts are at a serious disadvantage in the fight against organized crime without federal assistance. The effective investigation of organized crime demands cooperation between law enforcement agencies and coordination of investigative techniques and prosecutorial efforts. This coordination comes at a cost to the public. The public, nationwide, through federal monies, shares in the cost of organized crime enforcement.

The task force concept has proven remarkably successful, notably in New York and Chicago; combining law enforcement resources brings together experience and creates a stake in the outcome for all concerned. The cross-designation of prosecutors and law enforcement resources ensure an economic, comprehensive, and strategic approach to the effort against organized crime. The task force concept engenders a cooperative atmosphere between the involved law enforcement agencies and is enhanced when seized assets are shared with local authorities. State and local agencies should share in seized assets in financing further enforcement initiatives against organized crime.

Question

During the course of your investigation, did you find adequate cooperation between federal, state, and local law enforcement agencies? Is there room for improvement in this area?

Answer

We found an outstanding example of what can be achieved through a genuine spirit of cooperation in New York City where Louis Freeh, Chief of the Department of Justice, Organized Crime Section in the Southern District of New York, has obtained significant prosecutions and convictions utilizing the combined resources of federal, state, and local law enforcement agencies. Outside of New York, we found the usual lack of cooperation and coordination between many law enforcement agencies, which has deterred their effectiveness to varying degrees. DEA was noted as working well with state and local agencies within large metropolitan areas. Although a few instances of cooperation were noted between the Labor's Office of Labor Racketeering and the FBI, as a general rule, this cooperation was less than satisfactory.

Question

What about the Internal Revenue Service? Have they been active in joint law enforcement efforts against organized crime?

Answer

Title III wiretaps have been the most effective enforcement tool available to law enforcement offices focusing on organized crime, but tax crimes are not enumerated in the federal statutes as a basis for court-authorized wiretaps. IRS/CID has been very active and effective in joint federal law enforcement efforts. Financial evidence developed by IRS is extremely useful in support of other substantive counts. However, as an enforcement agency, IRS is not in a leadership role in the effort to combat organized crime. Additionally, rigid tax information disclosure by IRS prevent the open sharing of intelligence information directly between law enforcement agencies.

Question

Mr. Williams, I want to quote to you from some FBI field summaries that have been submitted for the record:

Chicago, Ill. - "There have been many successful prosecutions involving LCN members. Prosecutions like those brought in Kansas City ('STRAWMAN'), New York ('The Pizza Connection Case'), and Chicago ('PENDORF', 'STRAWMAN', and others) have caused the imprisonment of many 'high-level' LCN members. These investigations had a tremendous impact on the hierarchy of the Chicago LCN activity. This was due to the fact that the LCN was left with its assets and structure intact. Therefore, other LCN members were simply promoted to replace those who had been incarcerated."

Detroit, Mich. - "Criminal prosecutions of the LCN in Detroit during the last ten years has had little impact on their overall activity."

Kansas City, MO - "During the past ten years, the impact of criminal prosecution on the activities of the LCN in Kansas City has remained relatively unchanged. Although significant statistical accomplishments and high impact achievements have occurred resulting in these convictions at Kansas City of LCN bosses and members, it is the opinion of Kansas City that the 'beat goes on', e.g., replacement personnel have filled the vacuum left by conviction and the criminal enterprise continues."

Los Angeles, CA - "These prosecutions have caused a decrease in the overall criminal activity of the Los Angeles LCN Family. However, those prosecutions had no impact on the LCN members from other LCN families who have relocated to the Los Angeles area. The criminal activity of those groups is believed to have remained constant."

Miami, FL - "During the last 10 years, the activity of the LCN in Miami does not appear to have diminished in spite of the criminal prosecutions that have taken place."

Newark, NJ - "Despite the significant criminal prosecutions of various members of the Genovese LCN Family in New Jersey over the past ten years, the influence of the Genovese Family has at worst, remained stable. The Genovese LCN Family is a huge operation in New Jersey, and it structure has essentially remained intact despite the removal through prosecution of many significant members and associates. Also, during this same time period, criminal prosecutions of organized crime have impacted on the DeCavalcante LCN Family to such a minimal degree that their overall activity has remained unchanged and may have even increased."

Those reports seem to suggest that, despite all these successes, in the long run we are fighting a losing battle against organized crime. Do you agree?

Answer

It is difficult to accept the premise that the nationwide attack on the LCN has been a losing proposition. Notable successes have been realized, and numerous organized crime groups have been seriously damaged by successful government prosecutions and concerted law enforcement efforts.

In Kansas City, the entire Civella leadership has been devastated as a result of the "Strawman" prosecutions. It is unreasonable

to assume that in the Kansas City family, it is "business as usual" when the recent boss, underboss, and a principal member (Carl De Luna) are no longer in power.

In Chicago, the top leadership of that family is in jail as a result of the "Strawman" case. The incarceration of the hierarchy and two principal capos (Angelo La Pietra, Joseph Lombardo) has certainly devastated the Chicago LCN.

In Cleveland, the LCN family has been completely destroyed except at the lowest, most decentralized levels.

Recent prosecutions of the Milwaukee LCN family have all but destroyed the viability of this organized crime group. With the convictions and incarceration of the boss and under boss, this family suffered dramatically.

As the loss of top leadership affects any organization, it has affected the LCN hierarchy. The loss of personal contacts and the loss of alliances developed over many years are not easily replaced.

The government's success notwithstanding, the LCN remains a powerful and deeply rooted criminal phenomena within this society. The battle, therefore, is far from over.

Question

On January 2, 1988, Attorney General Meese signed an "Order Directing New and Expanded Initiatives in the Federal Organized Crime Effort". As I read the order, it really addresses only the division of authority between the United States Attorney and the Justice Department's Organized Crime Strike Forces. As I understand it, the Strike Force was initiated in the late 1960s, as an experienced corps of prosecutors who would concentrate exclusively on the investigation and prosecution of organized crime. In that regard, the Strike Forces, under the direction of the Strike Force Chief in Washington, exercised control of their investigations, while keeping the U.S. Attorney advised of their activities in order to avoid possible conflicts.

By contract, this new order apparently gives the United States attorney principal control of Strike Force investigations and prosecutions, including decisions on such things as the initiation of an investigation; wiretap requests; "all major investigative steps', including search warrants; and the determination of the "composition and duties of the litigation team." The order even names the U.S. Attorney, as opposed to Strike Force superiors in Washington, as the "rating official" for the performance rating of the local Strike Force Chief. Do you feel this order was necessary and, if so, why?

Answer

The order's purpose was to maximize efforts between the local U.S. Attorneys and the organized crime strike force attorneys. Cooperation between these two offices was mandated under previous orders.

Under this new order, U.S. attorneys have approval authority on initiating new investigations by the strike forces. In federal districts where the priorities are the same between the U.S. attorney's Office and the Strike Force's office, there will be no diminishment in the efforts against organized crime. When priorities are different or conflicting in the view of the U.S. attorney, his view will prevail. It will now be possible for the U.S. attorney to siphon off resources for other programs under his jurisdiction.

The independence of strike force investigations and prosecutions may also suffer. Long-term investigations that tie up investigative resources may be jeopardized for shorter cases. This may also reduce criminal RICO prosecutions that are labor-intensive and require an experienced team of prosecutors.

The localized jurisdictions of U.S. attorneys may inhibit nationwide interdistrict investigations that have been successfully pursued in the past by joint federal strike force operations.

Question

We have been told that the LCN is changing: that a "new breed" of soldier -- greedier, higher profile, undisciplined, and more prone to violence -- is taking over. Do you agree? Do you believe this new breed of soldier will alter the methods or types of criminal activity that the LCN traditionally engages in?

Answer

As a result of our analysis, we would quickly agree that many younger LCN members no longer subscribe to the utterly secretive and ritualistic behavior of their predecessors. Many members now deride the old ways and flaunt their new wealth at the same time. LCN members today reflect the changed values of their own operations and are less subservient and less loyal to the "old world" tradition. Accepting the premise that the LCN has a higher profile than in the days of Valachi, the LCN remains, however, an intensely isolated and rigidly focused class of criminals. The players may have changed, but the goals have not.

Because LCN members of today are smarter and more sophisticated in selecting their crimes of opportunity, we can anticipate their

scams to broaden in complexity as the members attempt to avoid detection. Law enforcement must anticipate LCN activity by examining industries vulnerable to mob encroachment.

Question

Both the FBI and the Labor Department's Organized Crime and Racketeering Section have jurisdiction over criminal investigations in the labor racketeering area. In the past, we've heard of bad blood and lack of cooperation between the two agencies. Are you satisfied with the cooperation between the two agencies in the labor racketeering field?

Answer

While relationships between individual agents in certain field locations of the FBI and DOL appear to be improving, the two organizations need to give full and honest recognition to each other's concurrent jurisdiction in the area of labor racketeering.

Full cooperation, coordination, and communication must be demanded by the leadership of both organizations and be enforced from the top down. A great deal more than lip service must be paid to the spirit of the recently signed memorandum of understanding entered into by the FBI and Labor's Office of Labor Racketeering.

The Department of Justice should take a more active role in encouraging honest communication and coordination between the two principal agencies responsible for labor racketeering. Congress should provide continuing oversight to insure that coordination takes place, scarce resources are not squandered, and agencies avoid working at cross purposes.

STATEMENT OF
ANGELO LONARDO
BEFORE THE
U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
HEARINGS ON
ORGANIZED CRIME: 25 YEARS AFTER VALACHI

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My name is Angelo Lonardo. I am 77 years old, and I am a member of La Cosa Nostra. I am the former underboss of the Cleveland organized crime family.

I became a member of La Cosa Nostra in the late 1940s but have been associated with the organization since the late 1920s. My father, Joseph Lonardo, was the former boss of the Cleveland family.

When I was "made" -- or became a member of La Cosa Nostra -- I went through an initiation ceremony. I was invited into a room at the Statler Hotel in Cleveland and asked if I knew what I was doing there. You naturally say, "No." Present were John Scalish, the acting boss; Tony Milano, the underboss; John Demarco, a capo; and Frank Brancato. They explained to me that I had been proposed to be made a member of La Cosa Nostra and defined the rules and regulations of the organization. They told me that you cannot fool around with narcotics; you cannot own a house of prostitution or have prostitutes working for you; you cannot fool around with a woman that's married to a member of La Cosa Nostra; and that whatever illegal activity you engage in, you have to report to the boss and receive permission to engage in that activity. After I was told the rules, I was asked if I still wanted to join the organization. One can still leave at that time, but the person usually accepts. In my case, I joined and became a member of La Cosa Nostra.

Once you accept the rules of membership, they lift a cloth off a table; underneath is a gun and a dagger. You are told that you now live and die with the dagger and the gun. You die that way, and you live that way. You are then given a card with a picture of a saint on it. This card is placed in the palms of your hands and lit. You shake the burning card back and forth until it is burned down to ashes. They then pinch your finger to draw blood, and then everyone gives you a kiss on the cheek and says, "You are now a member."

I later learned that to be proposed for membership in La Cosa Nostra you would have to have killed someone and stood up to the pressure of police scrutiny. Today, you don't have to kill to be a member, but just prove yourself worthy by keeping your mouth shut, or by being a "stand up" guy. However, if you are called upon to kill someone, you have to be prepared to do it.

In my case, my father was murdered by Salvatore Todaro in 1927. In revenge, my cousin, Dominic Sospirato, and I killed Todaro. This is one of the reasons that I was proposed for membership in La Cosa Nostra.

In the 1930s, my cousin, John Demarco, and I murdered Dr. Romano, the former boss of Cleveland, because Romano had a role in the death of my father, and we believe that he killed our cousin on the operating table. At the time, I was not a member of the LCN, but Demarco was. As a result of the Romano murder, Demarco was condemned to death by the Commission for killing a boss without okaying it with the Commission. I was excused for my part in the murder, since I was not an LCN member and did not know the rules. Later, I attended a meeting with Al Polizzi, the boss of Cleveland, in Miami, Florida. It turned out that this was a Commission meeting and that Polizzi was defending Demarco's murder of Romano. I did not sit in on the meeting, but afterwards, Polizzi told me that he had "straightened out" Demarco's problem with the Commission.

During the 1930s, the Commission put a "freeze" on the making of any new members. The Commission put the freeze on, since families, especially in New York, were not making the "right" kind of people. Some individuals were even buying their way into the LCN. I have heard that one businessman paid $50,000 to join the LCN. Because of the decree, I was not made into the Cleveland family until the 1940s.

John Scalish became boss of the Cleveland family around 1949. He took over for Al Polizzi, who tired of Cleveland and retired in Florida. In 1949, the Cleveland family had between 50 and 60 members. Scalish did not "make" any new members, so the strength of the Cleveland family diminished as its members aged or died. Scalish just didn't want to make any new members. Scalish was the boss of the Cleveland family until his death in 1976. One of the main reasons for the Cleveland family's decline was the fact that neither Polizzi nor Scalish wanted to make new members.

Even though a small organization, the Cleveland family became involved in Las Vegas casinos through their association with the "Jewish Boys," Maurice Kleinmann, Moe Dalitz, Sammy Tucker, Tommy McGinney (phonetic), and Lou Rothkopf (phonetic). In the late 1940s, Wilbur Clark began building the Desert Inn casino in Las Vegas, Nevada. Clark was in need of additional capital and eventually went into a partnership with "The Jewish Boys" in order to obtain the necessary funding to complete the construction of the casino. Kleinmann, Dalitz, Tucker, McGinney, and Rothkopf were gamblers who owned the Beverly Hills Supper Club (a casino-type gambling operation) in Covington, Kentucky.

A few years after the Desert Inn was licensed and operating, "The Jewish Boys" gave Al Polizzi, John King, and Frank Milano a "piece" of the Desert Inn in exchange for the Cleveland family's protection. I do not know the percentage of the casino

given to the family. I do know that Cleveland received their "piece" on a monthly basis. Polizzi, King, and Milano would cut up their percentage among themselves and certain Cleveland family members. This arrangement continued until Howard Hughes purchased the Desert Inn.

During "The Jewish Boys'" partnership with Clark, they obtained an interest in the Stardust casino. The Chicago family claimed a "piece" of this casino from the Jewish Boys. Sometime in the early 1960s, a "sit down" over this claim occurred, and the Cleveland family participated. Cleveland sided with Chicago, and Dalitz and Kleinmann were instructed to make payments to Chicago. The Cleveland family also received a percentage of the Stardust for their participation in the "sit down." John Scalish and Jack Licavoli represented Cleveland at this meeting. Scalish and Licavoli told me that Jackie Cerone and Tony Accardo (Joe Batters) attended the "sit down" for Chicago. Cerone also told me that the Cleveland family was foolish for not investing in the Stardust from the beginning and lost millions of dollars as a result of this.

George Gordon, a partner in the Jewish organization, would carry Cleveland's percentage from the Stardust casino to Cleveland. Gordon may also have brought the Desert Inn percentage with him. Gordon would give the percentage to Scalish who would split it with King, Al Polizzi, Frank Brancato, Dominic Sospirato, Maishe Rockman, Johnnie DeMarco, and myself. I was never told that the money I received came from the Stardust and Desert Inn, but I assumed it did. I continued to receive this cash until the casinos were sold. The reason the casinos were sold was that Kleinmann wanted to retire.

During the 1970s, the Cleveland family received money from two sources. The first source was the "skim" money from the Las Vegas casinos, and the second was our piece of the Pittsburgh family's Youngstown, Ohio, rackets. Our family received about $40,000 dollars a month from the Vegas skim and 25 percent of the Youngstown rackets, which would average about $5,000 per month. I didn't learn about this arrangement until I became the underboss in 1976.

The skim of the Las Vegas casinos started in the early 1970s. Starting in 1974, I began receiving about $1,000 to $1,500 a month from the family, through Maishe Rockman. I did not know where the money was coming from, but I suspected that it was from the Las Vegas casinos. I learned this from various conversations that I had with Rockman.

In the 1970s, Cleveland gave Pittsburgh control of the Niles/Youngstown, Ohio, area vending and gambling businesses. As a result, Cleveland received 25 percent of the profits from these activities, with Pittsburgh and Youngstown receiving the remainder. Representing the Pittsburgh family in Youngstown were

Jimmy Prato, a member of the Pittsburgh family; and Joey Naples, a proposed member of the Pittsburgh family.

When James Traficant was running for sheriff of Mahoning County, Charlie Carabbia was given $60,000 to "buy off" Traficant. Carabbia talked to Traficant and told him that the money came from both the Cleveland and Pittsburgh families. Traficant refused the money and told Carabbia that he, Traficant, would not work with Pittsburgh (Naples and Prato) but would limit any deals to the Carabbias. When Carabbia told Naples and Prato this, they sent Carabbia back to Traficant, telling him "not to take no for an answer." Carabbia never took the money back to Naples and Prato, and it was their understanding that the "pay-off" to Traficant had been made.

I would meet with Naples and Prato on a monthly basis in Boston Heights, Ohio, to pick up the Cleveland family's percentage of the profits from the Youngstown gambling and vending businesses. This percentage was approximately $5,000 to $6,000 a month. During several of these meetings, Prato told me that he and Naples suspected Charlie Carabbia of not "paying off" Traficant and of keeping the $60,000 for himself. Also, Carabbia was suspected of lying to Naples and Prato about poker machines that he controlled. They felt that Carabbia was cheating them, as he was lying about the number of poker machines that he had around the city. Carabbia, while drunk in the local bars, would also make statements against the Pittsburgh and Cleveland families.

At a later monthly meeting at the Brown Derby in Boston Heights, Ohio, which Licavoli, Naples, Prato, and myself attended, Naples and Prato requested permission to kill Charlie Carabbia. Licavoli and I were not in favor of the murder, as Charlie Carabbia was supporting Ronnie Carabbia's family while Ronnie was in prison. Ronnie Carabbia was serving time for the murder of Danny Greene. We told them that we would talk to Charlie Carabbia and resolve the matter.

Later, I traveled to Pittsburgh with Pat Ferruccio and met with Kelly Mannarino at his place of business. Mannarino and I drove to his home in New Kensington, Pa., to discuss business. John LaRocca, boss of the Pittsburgh family, was also at this meeting. Mannarino and LaRocca told me that they wanted Charlie Carabbia murdered. Again, I told them that I would talk to Charlie Carabbia and clear the matter up. During this trip, I was given by Mannarino a package containing approximately $23,000. This money was Cleveland's percentage of the Youngstown rackets.

Sometime after the meeting, I talked to Charlie Carabbia, and I felt that the entire matter had been resolved. In a later meeting at the Holiday Inn, Boston Heights, Ohio, Licavoli and I explained to Prato and Naples that we had resolved the problems with Carabbia. Prato and Naples agreed to allow Carabbia to live, on the condition that Carabbia would not make any more problems for them. Naples and Prato sought our permission to kill

Charlie Carabbia if he did not live up to his side of the agreement and continued to steal from them and embarrass them in public. Licavoli and I told them that if he didn't stop, "You do whatever you want to do."

A few weeks later, I heard on the news that Charlie Carabbia was missing. A week or two later, at a meeting in the Boston Heights area, Prato and Naples told Licavoli and me that they had killed Carabbia after they learned that Carabbia was making plans to "hit" them. Prato and Naples also apologized for leaving Carabbia's car in the Cleveland area after he was killed, explaining that "whoever drove the car there didn't know where he was." We told Prato and Naples that under no circumstances could they hit Orlie Carabbia, as he was needed to take care of Ronnie Carabbia's family. We also told them to give $1,000/month from the profits of the Youngstown rackets to Ronnie Carabbia's wife. They agreed to our requests.

In 1976, John Scalish died, and at a meeting at Scalish's house, Rockman told me and Jack Licavoli, who is also known as Jack White, that Scalish's wishes were that Licavoli become "boss" of our family. At first, Licavoli did not want the job, but I told him to take it, as those were Scalish's wishes. Later, Licavoli made Leo Moceri his underboss and Tony DelSanter his consigliere. One day, I asked Licavoli if he had gone to New York and introduced himself to Tony Salerno as boss of the family. Licavoli said no, and that he did not know that he had to do this. I told him that it was only right, out of respect, since the Genovese family represents us, Cleveland, on the Commission. After this conversation, Licavoli went to New York to introduce himself as boss of our family.

Later, in 1976, Leo Moceri was murdered. Moceri had been murdered on the orders of John Nardi. I became underboss after Moceri's death.

After Licavoli named me underboss, he and I traveled to New York to introduce me to Salerno as underboss of the Cleveland family. I had known Tony Salerno since the 1940s, and out of respect for him and the Genovese family, it was proper to let them know of my appointment. When I became underboss, Rockman told me the details of the Las Vegas casino skim operation. Rockman told me that the skim started when Allen Glick approached Frank Balistrieri about Glick's obtaining a Teamsters pension fund loan so that Glick could purchase a Las Vegas casino. Balistrieri was the boss of the Milwaukee family. Balistrieri talked to Nick Civella, boss of the Kansas City family, since he controlled Roy D. Williams, who was a high official with the Teamsters. Civella told Balistrieri that he would find someone in Cleveland that could talk to Bill Presser. Civella got a hold of Rockman and asked him to talk to Bill Presser about getting a pension loan for Glick. Glick told Balistrieri that in return for the pension loan he, Glick, would give the Milwaukee, Kansas City, and Cleveland families a piece of the casinos.

Rockman also told me that Glick received the Teamsters pension loan and purchased the Stardust, Fremont, and Desert Inn casinos. "Lefty" Rosenthal ran the skim operation in Las Vegas. Kansas City would get the money from Las Vegas and cut it up between themselves, Cleveland, and Milwaukee. Rockman would travel to Kansas City or Chicago to obtain Cleveland's share. (Rockman controlled the money and would cut it up with Scalish's and, later, Licavoli's approval.) Bill Presser and Roy L. Williams received about $1,500 a month for their role in the skim. The Cleveland family received a total of about $40,000 a month from the skim. Later, when a dispute arose in regard to the distribution of the skim, between Milwaukee and Kansas City, Chicago settled the dispute and began receiving 25 percent of the skim. Chicago settled the dispute since Milwaukee and Kansas City answer to Chicago, the same way Cleveland answers to New York.

Upon becoming underboss, my share of the skim increased. On occasion, it averaged as much as $10,000 per month. Jack White, Maishe Rockman, and I would split the skim after giving a portion of it to Joey Gallo, Tommy Sinito, and Russell Pappalardo. After December, 1977, all of our shares in the skim were given to Maishe Rockman to hold for lawyer's fees in regard to the Danny Greene murder cases. So, after December, 1977, my receipt of any monies from the skim was sporadic, at best.

On two occasions, in 1978, and in June, 1979, I traveled with Rockman and saw Rockman receive Cleveland's portion of the skim from Anthony Chiavola. On a third occasion, in approximately August, 1979, Licavoli and I accompanied Rockman to Chicago at which time he received Cleveland's cut of the skim.

To the best of my knowledge, the skim continued until at least 1984. In August, 1983, Rockman stopped by to see me in prison and told me that he was on his way to Kansas City, Missouri, to pick up skim money. When I was at Lewisburg Penitentiary in 1984, Frank Balistrieri told me that the skim was still going on.

Since the 1920s, my family has reported to the Genovese family in New York City. We always had a very good relationship with the Genovese family, and that is why they represent us on the Commission. The Genovese family also represents the Maggadinno and Pittsburgh families.

There is a separate Commission in Chicago. Chicago has control of all of the Western families, including Detroit. The Chicago Commission makes and enforces the rules for those families and settles inter-family "beefs." If there was a beef or problem that included New York families with Chicago on Chicago-controlled families, that dispute would be settled by members of both Commissions having a sit-down and working out the dispute. Up to 1983, when I went to jail, I knew that Tony Accardo was head of

the Chicago family and, therefore, the head of the Chicago Commission.

Since the Genovese family represents the Cleveland family on the Commission, I have traveled to New York on several occasions to discuss family business. As I stated earlier, in 1976, Licavoli and I traveled to New York to pay respects to Tony Salerno as the underboss of the Cleveland family. In 1976, after the murder of Moceri, Licavoli and I went to New York to talk to Salerno to obtain his help in murdering Danny Greene and John Nardi. Nardi and Greene had taken a trip to New York to see Paul Castellano about a meat business. Salerno agreed to speak to Castellano and to have Nardi and Greene murdered on their next trip to New York. Nardi and Greene never made a second trip to New York, so New York never helped in their murders.

In 1977, Licavoli and I traveled to New York City to see Salerno and requested permission to "make" 10 new members into the Cleveland family. Salerno granted our request and told us if we needed any more members just to let him know.

Whenever we wanted to contact Salerno, we would go through "Peanuts" Tronolone (John). Tronolone was close to Salerno and the Genovese family and held the position of Consigliere in the Cleveland family while I was the underboss. Tronolone once jokingly told me that he considered himself a member of both the Genovese family as well as the Cleveland family.

John "Peanuts" Tronolone told me that he had spoken to Salerno who told him the Commission condemned Johnny Keys (Simone), and others to death for the unsanctioned murder of Angelo Bruno, the boss of the Philadelphia family. Keys had gone to Florida to see if Tronolone could straighten things out for Keys with Salerno. Tronolone had Keys pay for his, Tronolone's, trip to New York. Tronolone talked to Salerno, who told him to send Keys to New York and that he, Salerno, would have him killed. Tronolone returned to Florida and told Keys that he had straightened things out between Keys and Salerno and that Salerno wanted to see him. Several days later, Keys was found murdered in New York City. Thereafter, Tronolone bragged that he had taken care of that thing.

Salerno was acting boss of the Genovese family in the late 1970s as the boss, Funzi Tieri, was sick. Salerno once told Licavoli and me that when Funzi died, he would become boss of the Genovese family. In 1981, Licavoli, Rockman, and I went to Chicago, Illinois, to see Jackie Cerone and Joey Aiuppa about getting them to agree to support Roy L. Williams as president of the International Brotherhood of Teamsters since Frank Fitzsimmons was dying. Cerone and Aiuppa agreed on Williams, and we then traveled to New York to see Salerno. We called John Tronolone in Florida, and had him set up a meeting in New York. We went to New York and saw Salerno who agreed with the choice of Williams and

told us that he would contact his people to line up support for Williams. We supported Williams over Jackie Presser, as Williams was Kansas City's man and had Chicago's backing. In return, Williams promised to name Jackie Presser the head of the Central States Pension Fund. After Williams was elected, he went back on his word and did not name Presser. Maishe Rockman told Presser not to worry about it and to not do any favors for Williams.

When it appeared that Williams, who had been indicted was likely to be forced to step down from his position, Rockman and I made a second trip to Chicago to get Chicago's support of Jackie Presser as president of the IBT because he was Maishe's protege, and it would increase the Cleveland family's prestige and respect.

Cerone and Aiuppa had other candidates for the position and told us that they did not want Presser because he was an informant. Maishe asked Cerone how he knew Presser was an informant, but all he would say is that he "just knew." We left Chicago with the promise from Cerone and Aiuppa that they would think about Presser and let us know in a week or so. The next day, a Teamsters official named Dominic called Rockman and told him that Presser was "okay" with Cerone and Aiuppa. After obtaining Chicago's support, we went to New York to see Salerno. Salerno asked if Chicago agreed to Presser. We told him that they did, but that they had thought Presser was an informant. Rockman swore to Salerno that Presser was not an informant and Salerno agreed to the choice of Presser as IBT president.

Later, an article appeared in the Cleveland Plain Dealer which said that Presser was an informant. Presser demanded, but was refused, a retraction by the paper. Rockman and I traveled to New York City and met Salerno at his 116th Street Club. I explained to him about the Plain Dealer article and said that the article was not true. I told him Presser had asked Rockman to attempt to get a retraction, and asked if he could do anything about it. Salerno had "Fish" Cafaro call Roy Cohn. Cohn told Salerno that the owner of the Plain Dealer was his client and friend. Salerno made an appointment to see Cohn. We left New York, and a short while later the Plain Dealer printed a retraction.

During one of our visits with Salerno, Salerno told me that an F.B.I. agent had infiltrated one of the families and was close to getting made. At that time, Salerno did not know which family or soldier that the F.B.I. agent was close to and that they were trying to find out who he was.

Rockman was the Cleveland family's contact with the Teamsters union. The family would use the Teamsters to obtain pension loans and to do people favors. One time, Salerno had asked Rockman to see if he could obtain a union charter for a friend of Salerno's; and a second time, he had Rockman obtain information about a vending company in Cleveland that a friend of

Salerno's wanted to buy. As I stated earlier, we also used the Teamsters Central States Pension Fund to obtain a loan for Glick so that we could "skim" profits from their casinos.

My nephew, Brent Marco-Giuseppi, was working for a record distributor in Cleveland, Ohio. His company was attempting to get a record whose rights were held by a company in New Jersey, owned by a guy named Levy. Salerno was a friend of Levy's and arranged for Levy to sell the record to my nephew's company. Later, a dispute arose about money allegedly owed to Levy. After a trip to New York by Brent, Rockman, and others, Salerno found out Levy had been paid.

As a member of La Cosa Nostra, I know that besides Cleveland, there are five LCN families in New York City and an LCN family in Los Angeles; San Francisco; Denver; Milwaukee; Chicago; Kansas City; Detroit; St. Louis; Buffalo; Philadelphia; Boston; Providence; Pittsburgh; New Orleans; New Jersey; Windsor, Ontario; Toronto; Ontario; and Montreal, Quebec.

As I stated previously, the Genovese family looks out for the Eastern families (aside from the other four in New York City), and Chicago takes care of the Western families. I knew that Anthony Scotto and Tony Anastasio used to run the waterfront for the Gambino family. In the early 1980s, I knew Salerno to be the boss of the Genovese family and also knew that Vincent Gigante (The Chin) was the consigliere and was being groomed to be the boss. I know that Salerno had a great deal of respect for Benny Lombardo and frequently sought his counsel on family matters.

There is no real association between the Cleveland La Cosa Nostra and the Cleveland chapter of The Hell's Angels Motorcycle Club. One time, Joe Iacobucci (Joe Loose) used the help of a Hell's Angels member in the murder of Joe Bonarigo. I found out about the use of a Hell's Angel in this murder after the murder was committed. Thomas Sinito came to Licavoli and me and told us that Bonarigo was going to "clip" us. We gave Sinito permission to contract for Bonarigo's murder, which was given to Joe Iacobucci. This murder occurred before Iacobucci was "made." But later we found out that Sinito was in the dope business with Zagaria, and we assumed that Sinito wanted Bonarigo out of the way for his dope business and not because of any threat to us.

Around 1981, a David Perrier was found shot to death. Perrier had been a collector of loanshark debts for Sinito. Perrier had a drug problem and would get drunk and get into fights at the local bars. Sinito had told me that he was worried about Perrier, as he thought Perrier had already talked to law enforcement about Sinito's illegal activities. One time, Perrier created a scene at a bar in Mayfield Heights, Ohio, when he made statements against Licavoli and slapped Licavoli's friend, Steve Calcavecchio (Darby). Later, Perrier met Licavoli and got on his knees and begged Licavoli's forgiveness.

Perrier continued his unstable behavior. I had been seeing Sinito on a daily basis, and after Perrier was killed, I did not see Sinito for several days. Later, Sinito told me that he had killed Perrier, as he was afraid Perrier had talked to law enforcement about him. I was upset with Sinito, as he had not obtained my permission to kill Perrier. Sinito explained that an opportunity to kill Perrier arose and that he did not want to pass it up. Sinito told me that Ronnie Anselmo helped him in the murder of Perrier. Sinito told me that he had difficulty in killing Perrier. He and Anselmo picked Perrier up and drove to an area near Warren, Ohio. They shot Perrier four to five times in the head, and he still struggled with them. Perrier told Sinito, "You son of a [expletive]. I thought we were brothers . . . ." Perrier lived for a short while, then died. They then dumped the body from the car. Sinito had to dispose of the car, as it was soaked with blood. I believe that he burned the car.

Tony Liberatore, who was made a member of the Cleveland family after the murder of Danny Greene, once obtained an F.B.I. informant list from the Cleveland F.B.I. Office. He gave the list to Jack White, who showed it to Maishe and me. Liberatore had told Jack that he had gotten it from a woman in the F.B.I. whom he had promised to pay. Jack told me he gave Liberatore the money to pay for the informant list.

I remember that the list contained the names of Danny Greene, and others who were informants for the F.B.I. I was shocked to see some of the names on the list, as I had known some for years. Licavoli and I believe Liberatore placed names on the list of people he had been feuding with and did not like. At that time, we burned the lists in Rockman's incinerator and instructed Liberatore not to obtain any further information from his source in the F.B.I. I learned while I was in jail for the Danny Greene murder that Liberatore was still receiving information from his F.B.I. source. Liberatore was attempting to provide information to other La Cosa Nostra members in other cities in an attempt to build himself up and to look for support in taking over Cleveland. This never occurred, as the other "made" guys did not think him trustworthy as he attempted to take over the family when Licavoli and I were having legal problems.

Mr. Chairman, I have been in the Mafia most of my adult life. I have been aware of it ever since I was a child in Cleveland. It has changed since I first joined in the 1940s, and, especially, in the last few years with the growth of narcotics. Greed is causing younger members to go into narcotics without the knowledge of the families. These younger members lack the discipline and respect that made "This Thing" as strong as it once was.

At the same time, the Government has successfully convicted many members, including most of the Cleveland family. However, this does not mean the La Cosa Nostra is finished in Cleveland or elsewhere. Many of the made "members," such as Anthony Liberatore, Tommy Sinito, and others, will be released in the next few years. In addition, there are many young men who are still in Cleveland who would have been "made" if we had had the time to do so before we were incarcerated.

## CHRONOLOGY OF VIOLENCE: CLEVELAND ORGANIZED CRIME

| | | |
|---|---|---|
| **1968** | | |
| 5/21/68 | PATRICK CATALANO | reported missing - body never found |
| 6/21/68 | PETE DI GRAVIO | murdered |
| **1971** | | |
| 10/31/71 | ARTHUR SNEPERGER | killed by bomb |
| 11/26/71 | MICHAEL FRATO | shot and killed |
| **1972** | | |
| 1/1/72 | POST AND PADDOCK RESTAURANT | Autos of SANDY DUBLO, PHIL BONADONNA and JOSEPH BRANCATO damaged by bomb |
| **1973** | | |
| 10/6/73 | SALVATORE CARCIONE | shot and wounded |
| 10/6/73 | ROBERT BOGGESS | shot and killed |
| 10/6/73 | WILLIAM WHITCOMB | shot and killed |

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| **1975** | | |
| 3/29/75 | ALEX "SHONDOR" BIRNS | killed by bomb |
| 4/12/75 | DANNY GREENE | injured by bomb |
| 9/19/75 | JOHN CONTE | beaten to death |
| **1976** | | |
| 7/22/76 | EUGENE CIASULLO | injured by bomb |
| 8/20/76 | JOSEPH KOVACH | shot and killed |
| 8/20/76 | JOSEPH ILLILUS | shot and killed |
| 8/22/76 | LEO MOCERI | reported missing |
| 9/10/76 | JOHN NARDI | shot at (not injured) |
| 9/24/76 | FRANK PERCIO | killed by bomb placed on auto of ALI CALABRESE |
| 9/26/76 | EUGENE CIASULLO | home damaged by bomb |
| 10/26/76 | LARRY CASSANO | shot and killed |

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|---|---|---|
| 1977 | | |
| 4/5/77 | ENIS CRNIC | killed placing bomb on auto of JOHN DEL ZOPPO |
| 5/17/77 | JOHN NARDI | killed by bomb placed on auto |
| 5/28/77 | HENRY GRECCO | shot and killed |
| 10/6/77 | DANIEL GREENE | killed by bomb placed on auto |
| 11/14/77 | KEITH RITSON | home damaged by bomb |
| 11/17/77 | ELMER BRITTAIN | shot and killed |
| 1978 | | |
| 1/11/78 | POST AND PADDOCK RESTAURANT | damaged by bomb |
| 7/3/78 | ORVILLE KEITH | reported missing |
| 11/16/78 | KEITH RITSON | reported missing |
| 12/3/78 | CHARLES GRISHAM | shot and killed |
| 1979 | | |
| 1/11/79 | JAMES CONONICO | shot and killed |
| 4/8/79 | LABORERS AFL-CIO LOCAL 860 | damaged by bomb |
| 4/12/79 | ROBERT FUREY | shot and killed |
| 7/25/79 | JOHN TOBIN | shot and killed |
| 10/4/79 | ASGARD LOUNGE | damaged by bomb |

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|---|---|---|
| 1980 | | |
| 1/6/80 | JOHN MAGDA | shot and killed |
| 2/13/80 | ROBERT DE CERBO | shot and killed |
| 3/6/80 | JOSEPH BONARRIGO | shot and killed |
| 5/14/80 | JOSEPH DE ROSE, JR. | injured by gunfire |
| 6-80 | DAVID HARDWICK | murdered |
| 6/18/80 | WILLIAM BOSTIC | murdered |
| 6/27/80 | SAM FOSSESCA | injured by gunfire |
| 7/5/80 | CURTIS CONLEY | murdered |
| 8/16/80 | WILLIAM BOSTIC | body found |
| 10/2/80 | DOMINIC SENZARINO | shot and killed |
| 12/13/80 | CHARLES CARABBIA | murdered |
| 1981 | | |
| 1/5/81 | DAVID PERRIER | shot and killed |
| 1/17/81 | JOSEPH GIAIMO | murdered |
| 1/23/81 | LAWRENCE DEL GRECCO | shot and killed |
| 2/24/81 | JOSEPH DE ROSE, SR. | killed when mistaken for his son |
| 4/17/81 | JOSEPH DE ROSE, JR. | murdered - auto found burned |

U.S. Department of Justice
United States Marshals Service

RECEIVED BY
SENATE PERMANENT
SUBCOMM. ON INVESTIGATIONS
OCT 17 1988
MAJORITY OFFICE

MOW

600 Army Navy Drive
Arlington, VA 22202-4210

OCT 17 1988

Richard A. Dill
United States Senate Committee
on Governmental Affairs
Senate Subcommittee on Investigations
Washington, D. C. 20510-6250

Dear Mr. Dill:

In accordance with the request of Joseph Jaffe of Levine, Silverman and Jaffe, Counselors at Law, I am submitting to you an affidavit signed by Angelo Lonardo.

If I may be of any further assistance, please do not hesitate to contact me.

Sincerely,

for
Eugene L. Coon, Jr.
Chief
Witness Security

Enclosure

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

| | | |
|---|---|---|
| PERMANENT SUBCOMMITTEE ON INVESTIGATIONS<br><br>Committee on Governmental Affairs<br>The United States Senate<br>Washington, D.C. 20510 | ) | AFFIDAVIT<br><br>Misc. No. 88-103 |

I, EUGENE L. COON, of full age, being duly sworn according to law, do depose and say that:

1) I am the Chief of the Witness Security Division, United States Marshals Service, U.S. Department of Justice, Washington, D.C.

2) As Chief of the Witness Security Division, I am responsible for the administration of the activities of the United States Marshals Service in the U.S. Department of Justice Witness Security Program.

3) To the best of my knowledge and belief, Angelo Lonardo was served with an Affidavit concerning the above matter. Angelo Lonardo was served by a Deputy United States Marshal who personally delivered the process to him and witnessed his signature on same at 10:00 a.m. on September 19, 1988.

Eugene L. Coon
EUGENE L. COON

Sworn and subscribed before me
this 14th day of October, 1988.
Witness my hand and official seal.

Karen E. Miller Notary Public

My Commission Expires January 18, 1992.

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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PERMANENT SUBCOMMITTEE ON
INVESTIGATIONS

Misc. No. 88-103

Committee on Governmental Affairs
The United States Senate
Washington, D.C. 20510,

Applicant.

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**ANGELO LONARDO** being duly sworn deposes and says:

1. I am the same Angelo Lonardo who appeared before the Senate Permanent Subcommittee on Investigations (hereinafter "Committee") on April 15, 1988.

2. This Affidavit is submitted to answer the inquiry made of the Committee concerning a document captioned, "Chronology of Violence: Cleveland Organized Crime."

3. In response to the questions put to me by the Committee, I respond as follows with regard to each of the events seriatim by name and date.

A. 5/1/68 PATRICK CATALANO: I believe that Danny Greene and John Nardi were responsible. I did not organize, and was not involved in the same.

B. 6/21/68 PETE DI GRAVIO: I have no knowledge concerning this matter.

C. 10/31/71 ARTHUR SNEPERGER: I believe Danny Greene was involved with this murder. I did not authorize and did not participate in the same.

D. 11/26/71 MICHAEL FRATO: Frato was shot and killed by Danny Green in a gun battle between the two of them. Green was tried and acquitted for this murder. I did not authorize or participate in the same.

E. 1/1/72 POST AND PADDOCK RESTAURANT: I believe Danny Greene was responsible for the auto bombings referred to. I did not authorize or participate in the same. Dublo, Bonadonna and Brancato did not work for the family.

F. 10/6/73 SALVATORE CARCIONE, ROBERT BOGGESS and WILLIAM WHITCOMB: I have no knowledge of who the shooter was, and I did not authorize or participate in the same. As far as I know, the three named individuals were burglars.

G. 3/29/75 ALEX "SHONDOR" BIRNS: I believe he was killed by a bomb placed by either Danny Greene or Keith Ritson. I did not authorize or participate in the same.

H. 4/12/75 DANNY GREENE: I have no knowledge who placed the bomb on Greene. I did not authorize or participate in the same.

I. 9/19/75 JOHN CONTE: I heard from various individuals that Conte was beated to death by Danny Greene. I did not authorize or participate in the same.

J. 7/22/76 EUGENE CIASULLO: I understand the bomb was placed by Greene or at his orders because Greene was having trouble with him. I did not authorize or participate in the same.

K. 8/20/76 JOSEPH KOVACH and JOSEPH ILLILUS: I have no knowledge of who either of the individuals were or who shot and killed them. I did not participate in the same.

L. 8/22/76 LEO MOCERI: I believe that Moceri was murdered by Danny Greene and Keith Ritson. This was done because John Nardi was having trouble and headaches from Leo Moceri, who at the time was the underboss of the Cleveland family. Nobody in our family authorized a hit on our underboss or participated in the same.

M. 9/10/76 JOHN NARDI: As far as I know, Al Calabrese and Butch Sistenino (SP) shot at Nardi. They were having their own problems with Nardi and Greene. They were not part of the Cleveland family. We did not authorize or participate in the shooting.

N. 9/24/76 FRANK PERCIO: I believe he was killed by a mistake when a bomb placed in Calabrese's car by Danny Greene who was trying to kill Calabrese. We did not authorize or participate in this killing.

O. 9/26/76 EUGENE CIASULLO: I understand that Danny Greene had the bomb placed in Ciasullo's home. It was not authorized, nor did we participate in the same.

P. 10/26/76 LARRY CASSANO: I have no knowledge of who Cassano was or who shot and killed him.

Q. 4/5/77 ENIS CRNIC: I have no knowledge of either Crnic or John Del Zoppo, in whose car it is alleged the bomb was placed.

R. 5/15/77 JOHN NARDI: I understand Nardi was killed

by a bomb placed in an automobile which was parked next to Nardi's by Curly Montana and Poppalardo. Nardi's death was authorized by Jack White Licavoli who was the boss of our family at the time.

S. 5/28/77 HENRY GRECCO: I have no knowledge of who Grecco is. I did not authorize or participate in the killing.

T. 10/6/77 DANIEL GREENE: Greene was killed when a bomb was placed in an automobile by Ferrito Sistenino and Ronnie Carabbias. Greene's murder was authorized by Jack White Licavoli.

U. 11/14/77 KEITH RITSON: Tony Liberatore, who later became a member of our family, placed the bomb. I believe that Jack White talked to him before it was done.

V. 11/17/77 ELMER BRITTAIN: I have no knowledge who Brittain is.

W. 1/11/78 POST AND PADDOCK RESTAURANT: I did not authorize or participate in the same.

X. 7/3/78 ORVILLE KEITH: I have no knowledge who Orville Keith is. I did not authorize or participate in any matters with him.

Y. 11/6/78 KEITH RITSON: Was killed by Carmine Zagaria and Hans Graew. Segaria thought Ritson would finger him as a narcotics trafficker. I did not authorize or participate in the killing, nor did the Cleveland family.

Z. 12/3/78 CHARLES GRISHAM: I have no knowledge of Grisham. I did not authorize or participate in any matters relating to him.

AA. 1/11/79 JAMES CONONICO: I have no knowledge who Connonico was. I did not authorize or participate in any matters relating to him.

BB. 4/8/79 LABORERS AFL-CIO LOCAL 860: I have no knowledge of the matter except that the local was the local controlled by Tony Liberatore.

CC. 4/12/79 ROBERT FUREY: I have no knowledge of who Furey was. I did not authorize or participate in the shooting.

DD. 7/25/79 JOHN TOBIN: I did not know Tobin. I have no knowledge of him. I did not authorize or participate in the shooting.

EE. 10/4/79 ASGARD LOUNGE: I have no knowledge of the bombing.

FF. 1/60/80 JOHN MAGDA: I have no knowledge of Magda.

GG. 2/13/80 ROBERT DE CERBO: I have no knowledge of De Cerbo.

HH. 3/6/80 JOSEPH BONARRIGO: Joe Yacavelli (SP) shot and killed Bonargio with a member of the Hells Angels. I testified concerning this in my written statement, to which the Committee's attention is respectfully directed.

II. 5/14/80 JOSEPH DE ROSE, JR: The shooting was by the Youngstown Group who were at that time under the control of Pittsburg.

JJ. 6/80 DAVID HARWICK: Was killed by Carmine Zagaria's orders. He was a narcotics dealer. I did not authorize or participate in the same.

KK. 6/18/80 WILLIAM BOSTIC: Was murdered by Carmine Zagaria. He was another narcotics trafficker.

LL. 6/27/80 SAM FOSSESCA: I have no knowledge of the same.

MM. 7/5/80 CURTIS CONLEY: This was a Carmine Zagaria murder. I did not authorize or participate in the same.

NN. 8/16/80 WILLIAM BOSTIC: This was a Carmine Zagaria murder.

OO. 10/2/80 DOMINIC SENARINO: I have no knowledge.

PP. 12/13/80 CHARLES CARABBIA: The Committee's attention is respectfully directed to my prior written submission and testimony before you of April 15, 1988.

QQ. 1/5/81 DAVID PERRIER: The Committee's attention is respectfully directed to my prior written submission and testimony before you of April 15, 1988.

RR. 1/17/81 JOSEPH GIAIMO: Was murdered by Zagaria and others. I did not authorize or participate in the same.

SS. 1/23/81 LAWRENCE DEL GRECCO: A narcotics user. I have no knowledge of who may have been involved with his death. I think he committed suicide.

TT. 2/24/82 JOSEPH DE ROSE, SR.:

UU. 4/17/81 JOSEPH DE ROSE, JR.: Joseph DeRose, Jr. was a close friend of Charlie Carabbia, who after Carabbia was

killed sought to revenge Carabbia's death against the Youngstown group. Pat Farucci (SP) spoke to me sometime before DeRose Jr's. death and told me a man named "Skinny Sam", a close fried of Joe DeRose, Jr. had told Farucci that I had a contract out on "Skinny Sam". I told him this was totally untrue. Farucci asked me if the contract could be considered lifted if "Skinny Sam" would kill Joseph DeRose, Jr. Since I knew that both the Pittsburg and Youngstown crowd wanted to get rid of Joseph DeRose, Jr., I told Farucci "yes". Thereafter I learned that whoever was trying to get rid of DeRose, Jr. mistakenly killed Joseph DeRose, Sr., thinking it was DeRose, Jr. Thereafter I heard that DeRose, Jr. was killed.

4. Greene, Nardi, Ritson, McTaggart and Cappolo were all part of a group called the "Greene Gang", who were engaged in gambling and bombings on the west side of Cleveland. They were not part of the Cleveland family, part no tribute to it, did not act at our request and were no accountable to us.

5. Zagaroa was not a member of the Cleveland family and did not ever receive any permission from us to commit any of the acts which he may have committed.

Angelo Lonardo

Sworn to before me this
day of August, 1988.

Notary Public
5810S

U.S. Department of Justice
Federal Bureau of Investigation

# Statement of
# James F. Ahearn
# SAC Boston Division
# Federal Bureau of Investigation

Before the
Committee on Governmental Affairs
Permanent Subcommittee on Investigations
United States Senate
April 15, 1988

*Re: Organized Crime - 25 Years After Valachi*

Mr. Chairman and members of the Committee:

It is a privilege to appear here today representing the Boston Field Division of the Federal Bureau of Investigation. The Boston Division encompasses the states of Rhode Island, Massachusetts, New Hampshire and Maine.

By way of background I have been a Special Agent of the FBI for twenty-five years and have been assigned to organized crime investigations as an Agent,and as a Supervisor in both the field and FBI Headquarters. As an Assistant Special Agent in Charge and Special Agent in Charge I have, through subordinates, supervised organized crime investigations in San Francisco, Omaha and Boston. Through these experiences and my interaction with a former member of the La Cosa Nostra (LCN) turned Government witness, I am familiar with the internal workings of the LCN both from an historical and present-day view.

I would now like to present some information on the organized crime picture as it relates to the LCN in the Boston Division of the FBI.

Today in New England we find two LCN groups represented - the PATRIARCA Family in Boston and Worcester, Massachusetts as well as Providence, Rhode Island, and the New York GENOVESE Family in Springfield, Mass. RAYMOND L.S.

PATRIARCA took over leadership of his family in 1954 and retained that role until his death in 1984, when family leadership passed peacefully to his son, RAYMOND J. C. PATRIARCA.

Like other LCN families in major U. S. metropolitan areas, this group had its United States origins in the immigration patterns of the early 20th Century when organized crime members from Sicily and Italy joined thousands of immigrants seeking a better life in the United States. Initially these criminals stayed within the immigrant community but Prohibition enabled them to increase their contacts and criminal reputations outside the immigrant community. By the end of Prohibition, having pushed aside other ethnic criminal groups, the LCN was well on its way to becoming the dominant criminal group in New England. Gambling, extortion, loansharking and dealing in stolen property became the mainstay of their illegal enterprises and murder was routinely used to enforce their will. Where necessary, the LCN was adept at forming alliances with other ethnic groups to minimize the disruption of profits due to conflict. Other ethnic crime groups in New England, while locally powerful, did not have the national scope and resources of the LCN. This factor alone separated the LCN from these other groups.

By the late 1940s and early 1950s, one PHIL BUCCOLA of Boston had been identified as the head of this group. Public congressional hearings during the early 1950s determined that

Mr. BUCCOLA was taking frequent and extended vacations to Sicily where he eventually sought early retirement setting the stage for RAYMOND L. S. PATRIARCA.

The history of the FBI's efforts to identify the nature and extent of this criminal conspiracy began in the early 1960s at a point in time when the LCN was not understood as the national criminal conspiracy it is today. The LCN had a forty-year head start and was well ingrained into the fabric of the community. The code of silence or "OMERTA" did not make the information-gathering process easy but steady progress was made. Successful prosecutions were developed against many prominent LCN members including RAYMOND L.S. PATRIARCA, but the enterprise continued to operate.

By studying and evaluating the past, it became obvious that a new investigative strategy was needed. This was not just an idea of the Boston Division but of the FBI seeking to develop a national investigative strategy based on information about the LCN developed over a period of years from many parts of the country.

In New England resources were concentrated on the family and its leaders as a functional criminal entity, using the Racketeer Influenced and Corrupt Organizations (RICO) statute in such a way that the evidence obtained would show the totality of their criminal enterprises and thus, when convicted, sentences could be imposed that would stop the revolving door process that had gone on in the past.

In 1981, a court-authorized microphone was placed in the office of the family Underboss and another in a club frequented by a powerful family Caporegime and his soldiers. Evidence from these two microphones presents a rare picture of the day-to-day operation of an LCN family wherein the very nature of this secret organization was frequently discussed as were the wide variety of their criminal ventures. Murder, extortion, gambling, loansharking, and bribery were all found to be primary areas of criminal effort.

Largely as a result of the evidence obtained from the microphone, 22 convictions were recorded. The length of sentences ranged from 45 years to 18 months and included convictions of the Underboss, 3 Caporegimes, 7 members and 11 associates. An indictment was also returned on the Consigliere of the Family but trial was postponed due to medical reasons. The Consigliere died prior to trial on RICO charges.

It is noted that convictions were also recorded in state court against the Underboss of the New England Family and one additional LCN member on the charge of accessory before the fact of murder utilizing evidence from the federal wiretap mentioned above. Conviction on this charge resulted in a life sentence for the Underboss and a 15/20 year sentence for the soldier.

Our efforts against the Springfield, Mass. faction of the GENOVESE Family have been equally successful utilizing electronic microphone surveillance and the RICO theory of the LCN as the criminal enterprise. Within the last several months, a

long-time Caporegime for that area and 5 of his soldiers and two associates entered guilty pleas and were sentenced.

An unusual by-product of these microphones in Boston was the substantial amount of "structure" conversation in which the history of their criminal group was discussed by the subjects themselves leaving little need for speculation. While this evidence led to substantial convictions noted above, we had to realize that an honest assessment would tell us that total success could not be claimed and that the effort, more than ever, had to be increased if we were ever going to be able to remove the LCN from their position of criminal dominance.

An investigative strategy was developed and employed at a time when substantial Agent resources were committed to ongoing prosecutions. In essence, those individuals seeking to fill the leadership vacuum being created by Federal convictions were already targeted for intensified investigation. Electronic surveillance, undercover projects, and cooperating witnesses were used to gather evidence. Since many of these matters are presently before Federal Grand Juries, I must keep my comments general but I do wish to point out to you today that while convictions of individuals are essential, it is not necessarily the only goal. The Boston investigative strategy is only one part of a national investigative strategy similar in design. Our goal will only be met when the LCN no longer functions as a national criminal enterprise.

I think that I can safely represent to you today that in New England this process has started. The newly created LCN leadership has, within two years, found itself subject to intense investigation and expecting extensive RICO indictments. Fear of electronic surveillance and cooperating witnesses have greatly reduced their ability to communicate with each other and without communication no group can function effectively. New LCN members are not being recruited and those sought are not as interested in membership as in the past. Conviction of experienced leaders has forced less capable people into leadership roles for which they are not prepared. The LCN in New England is in a state of regression for the first time in seventy years; however, the history of the Mafia in Sicily tells us that this is not enough to claim victory. Our success should only serve to convince us how much more there is to be done. There is much about the LCN that we do not know, particularly in the areas of finance, legitimate business and corruption, and how they replenish their ranks from a community of more educated people who may chose a different way of life.

The Boston Division of the FBI continues to find innovative ways to investigate a now well-educated LCN. One of our greatest assets is the competence and dedication of Justice Department prosecutors who have formed excellent working bonds with FBI Agents. We have had the full support of various U. S. Attorneys and this has been essential in presenting a solid Federal front against the LCN.

A necessary ingredient in our effort against the LCN is a community belief that we can do the job and that citizens will do their part in fighting organized crime.

Where the LCN has been deeply entrenched in a community for many years, this sense of community rejection of the LCN is often difficult to achieve. However, in many parts of New England I am convinced that our successful efforts to date have turned the tide and citizens do believe that something can be done about the LCN and its criminal influence. This does not come overnight and is a continuous problem but I can assure you it is taking place.

Mr. Chairman, this concludes my prepared remarks. I will be happy to answer questions of this Committee.

RESPONSES TO WRITTEN QUESTIONS FROM THE BOSTON DIVISION

*Question.* The FBI has submitted for the record field office summaries from across the country recounting the status of organized crime activity in those areas. The Boston Office summary says and I quote: "The New England LCN Family historically has opted to remain in illegal ventures and apparently has not sought or not gained major influence in legitimate industry." Why, unlike many other LCN families, has the New England Family decided against infiltrating legitimate business?

Answer. It is difficult to say whether or not the New England LCN made a positive or negative decision against infiltrating legitimate business or whether their lack of action in the area was just an outgrowth of their style of operation. The New England LCN had the same Family Boss from 1954 to 1984 which was a period of general stability for this criminal group where they took in few new members and experienced little growth in their numbers of criminal ventures. In the more traditional areas of criminal activity, they had no competition and each of its members was able to obtain reasonable wealth through traditional crimes. While the exact answer to this question is not known it does appear quite possible that this family was in a period of stagnation while other families were growing either in numbers or complexity of criminal activity.

*Question.* That same summary notes that "suspected Camorra members from the Naples, Italy area" have been found in Springfield, Massachusetts. As I understand it, those individuals and their organization are distinct from the Sicilian Mafia families about which Mr. Buscetta testified here last Monday. Could you describe in greater detail these individuals, their organization, and the extent of their criminal activities in New England?

Answer. The Camorra is a centuries-old Italian criminal organization with its roots in Naples, Italy and the surrounding countryside. At times in its history, which purportedly predates the Sicilian Mafia, this group has often been referred to as a second government. It now appears, like the Sicilian Mafia, that members of this group have emigrated from Italy to various European and Western countries to ply their criminal trade.

Antonio Orlando Manzi was born July 14, 1952, at Quindici, Avellino, Italy. As a result of an arrest on September 13, 1984, at Chicopee, Massachusetts, by the Massachusetts State Police (MSP) for the sale of six ounces of cocaine, he was charged with drug trafficking, and is currently serving a seven- to ten-year sentence in the Massachusetts penal system. An extradition warrant was lodged against Manzi for extradition to Italy for offenses including two counts of homicide, armed robbery and Camorra association. Manzi has since been ordered extradited by a U.S. Magistrate and has appealed this order. Upon affirmation of the order, Manzi will be released by Massachusetts authorities to be returned to Italy to serve a thirty-two-year sentence which he received on the above homocides and other charges in absentia.

Manzi alleged that he met a Genovese LCN member who resides in Springfield, Massachusetts, originally in Italy. Upon arrival, Manzi sought out this LCN member and was given employment in gambling operations controlled by him in the Springfield area. He later became involved in cocaine trafficking in the Springfield, Massachusetts, and Albany, New York, area with his borther, Carmine Manzi, a naturalized U.S. citizen who was a codefendant in the cocaine trafficking case. Italian authorities described Manzi's criminal activities in Italy as including acts as a leader of the Nuova Camorra Organization in warfare with the rival Nuova Famiglia faction of the Camorra. Biagio Cava, born October 16, 1955, at Quindici, Avellino, Italy, was arrested by the Immigration and Naturalization Service (INS) at 51 Johnson Street, Springfield, Massachusetts, on June 5, 1985, on charges on Illegal Entry to the United States and Possession of False Documents. Cava was subsequently indicted on three counts of violation of immigration statutes. He pled guilty to these charges on June 26, 1987, received a five-year suspended sentence and signed a Waiver of Extradition to Italy. Cava was turned over to Italian authorities to serve a previously imposed sentence of five and one-half years for conviction on charges of extortion, weapons possession, telephone threats and Camorra association. He was also reportedly under investigation for conspiracy to murder an Italian judicial official.

Cava is alleged to be a member of the Nuova Famiglia (NF) faction of the Camorra. He survived an ambush murder attempt in April 1983, in which his companion was killed. Antonio Orlando Manzi has been convicted of this attack. Information received by INS prior to Cava's arrest was that he was in Springfield to kill Antonio Manzi although Manzi was in state custody at the time.

Cava had entered the United States on the altered Italian passport of an Agostino Libepale, born November 18, 1958, in Avellino Province, Italy. Cava had entered the United States on five occasions between May 31, 1986, and June 1, 1987, on this passport.

Cava, although a member of the rival Camorra faction from Manzi, was also aligned with the Genovese LCN Family and their associates in Springfield. In January 1987, Cava was observed traveling from Las Vegas, Nevada, to Springfield, Massachusetts, with two Genovese LCN associates.

*Question.* Both the FBI and the Labor Department's Organized Crime and Racketeering Section have jurisdiction over criminal investigations in the labor racketeering area. How many joint FBI/Labor Department investigations have been handled by your office in the last three years? Are you satisfied with the cooperation between your office and Department Agents in criminal investigations?

Answer. During the past three years, four investigations have been conducted jointly by the Boston FBI Field Division and the Regional Office of Labor Racketeering (OLR). Cooperation between the two agencies has been excellent in each of the investigations.

*Question:* In your view, what should the role of the Labor Department Inspector General's Office be in the investigation of labor racketeering cases? Is the labor racketeering problem big enough to accommodate both the FBI and the Labor Department?

Answer: In labor racketeering matters, the role of the Labor Department of Inspector General's Office should be to investigate waste, fraud and abuse within the Department of Labor (DOL); and to investigate violations of Section 805 (b) of the Comprehensive Crime Control Act of 1984, Section 504 of the Employee Retirement Income Security Act (ERISA), and Section 601 of the Labor Management Reporting and Disclosure Act (LMRDA), statutes which DOL is statutorily empowered to investigate. All other labor racketeering violations identified by DOL's Inspector General's Office should be referred to the appropriate criminal investigative agency. The DOL should continue to provide to investigations their expertise developed over years of administering various DOL programs where appropriate and applicable.

The labor racketeering problem is substantial. However, the number of important organized crime influenced labor racketeers in a city is finite and usually readily identifiable by law enforcement. Past experience has demonstrated extraordinarily dysfunctional results caused by uncoordinated multiagency pursuit of the same subjects. In fact, some of the best organized crime sources of the FBI have been lost unnecessarily due to uncoordinated investigations.

The FBI's "Organized Crime National Strategy," which has proven so successful against the La Cosa Nostra (LCN), mandates use of the RICO statute in concert with Title III and undercover techniques. Indeed, the experience of the FBI is that all three techniques are essential to success against the LCN. Furthermore, the LCN is the major force in labor racketeering. Although additional resources to law enforcement to combat crime would be a much needed and welcomed augmentation to the law enforcement effort, it is incumbent that such additional resources be structured and marshaled in a coordinated and well-defined manner to avoid inefficient, ineffective and duplicative activity. To empower numerous agencies and departments with full law enforcement powers under the direction of individual semiautonomous departments, without clear lines of jurisdiction most assuredly ensure inefficiency and conflict in future investigations.

Coordinating resource usage from independent agencies having concurrent jurisdiction was attempted under the strike force concept with less than favorable results. Statistical accomplishment considerations, as well as differing investigative strategies necessitated by resources availability, intelligence base, and the technical capabilities of each agency prevented coordinated efforts toward a common goal. No agency will unilaterally subjugate their personnel or responsibility to another agency leaving the alternative of management by committee for a particular investigative project. This has proven to be inefficient and ineffective in addressing crime problems in a thorough and timely fashion.

*Question:* Currently, unlike other Federal law enforcement Agents, Agents of the Labor Department Organized Crime Section do not have statutory law enforcement authority, i.e., the authority to make arrests and to carry a gun. They receive this authority only on a case-by-case deputization basis from the Justice Department. Do you know of instances where this authority has delayed or impeded their ability to effectively investigate organized crime cases?

Answer: The Boston Division of the FBI is aware of no instances where the lack of statutory law enforcement authority has delayed or impeded the ability of Labor Department organized crime Agents to conduct effective investigation in the area of

organized crime. The case-by-case deputization by the Justice Department appears to have effectively resolved the need when it has arisen.

*Question:* Do you believe that Agents of the Labor Department Inspector General's organized crime section should have statutory law enforcement authority? Why or why not?

Answer: Based upon the experience of this office, no need has been demonstrated for the OLR to have statutory law enforcement authority. Moreover, if such authority were granted, it could easily lead to a diffusion of investigative effort.

*Question:* Did your Division use any state or local law enforcement agencies in its LCN investigations? If so, what agencies co-operated in these investigations, and what was the level of that co-operation? If not, why not?

Answer: No. Utilization of local law enforcement was considered impractical due to ongoing FBI investigations predicated on allegations of local police corruption during the time of the Angiulo investigation. On the state level, there were no investigations assigned, on a full-time basis, to organized crime in 1981.

*Question.* Does the Boston Division utilize the task force concept in any of its organized crime investigations, and if so, what are the parameters of the task force?

Answer. The Boston Division utilizes informal task force arrangements depending on the nature of the organized crime investigation. The Boston Division has conducted a joint electronic surveillance with the Boston Police Department, and two of its last electronic surveillances have been done with a recently formed Massachusetts State Police Organized Crime Unit. In each case, the state and local investigators were deputized as U.S. Marshals in order to assist in electronic surveillance. Since the Massachusetts State Police Organized Crime Unit is of fairly recent origin, this concept has been mutually agreed upon and subsequently used.

*Question.* What is your Division's LCN family's involvement in drug-trafficking, if any, and to what degree are they involved in the distribution of narcotics in your area?

Answer. A recent survey of LCN-related intelligence within the Boston FBI files indicates that approximately 50 percent of New England LCN members have had some form of involvement in illegal drug trafficking or personal drug abuse. The New England LCN is not the most significant drug-trafficking group in the region and there is a "family rule" prohibiting an LCN member from involvement in drug activities. This rule is a myth as it is not enforced by the Family hierarchy and individual members and capos cannot resist the lucrative drug profits. Illegal drugs activity represents just another criminal leg of the LCN enterprise in New England.

*Question.* What are the industries that the LCN controls or influences in your Division, and how does that control or influence affect the citizenry?

Answer. The primary illegal activities of the New England LCN family are gambling, extortion, loansharking and fencing. During the past 10 years, the New England LCN's involvement in fencing has decreased while its involvement in extortion has increased. Loansharking activities by the New England LCN appear to be stable. The New England LCN has decreased their gambling operations in the last ten years.

The New England LCN Family historically has opted to remain in illegal ventures and apparently has not sought or not gained major influence in legitimate industry.

*Question.* What investigative techniques were used in your Division's investigations into the LCN, and which of those techniques proved most successful?

Answer. During the course of the Boston Division's investigation of the LCN a number of investigative techniques were employed. Among these were electronic and physical surveillance, witness interviews, use of informants and others. Informants and cooperating witnesses are the most useful techniques in connection with LCN investigations. Without informants and cooperating witnesses it would be very difficult to obtain probable cause for our next most useful technique, court-authorized electronic surveillance.

*Question.* Is your Division fully committed to the Enterprise Theory of Investigation and the use of the RICO Statute?

Answer. Yes. The Enterprise Theory of Investigation is used whenever an organization meets the Attorney General's Guidelines for such an investigation. Today, the RICO Statute is the most widely used statute in organized crime investigations.

*Question.* Does this commitment to the enterprise theory of investigation include the use of the civil components of the RICO Statute?

Answer. Yes. The civil provisions of the RICO Statute permit the Government to remove organized criminal influence from enterprises which have been corrupted and exploited by organized crime. Under certain circumstances a civil RICO case may present a more effective means of addressing the prohibited conduct than a

criminal RICO prosecution. The flexible injunctive remedies under the civil RICO Statute also provide a formidable weapon against organized crime. The imposition of court-supervised trusteeship on a labor union or business entity influenced or controlled by organized crime and the ability to enjoin these criminals from business dealings with the union or business entity eradicates a crime problem which may go unaddressed in criminal prosecutions. In addition, the standard of proof in a civil RICO action is less than in a criminal RICO action thus allowing the Government to expeditiously remove the crime problem while continuing to pursue criminal penalties.

*Question.* Does the LCN family in your Division use any nontraditional or emerging organized crime groups in the conduct of its illegal criminal enterprises or activities?

Answer. During the course of the Angiulo court-authorized electronic surveillance, both Gennaro Angiulo and Larry Zannino commented at different times about their bookmaking in the Chinatown area of Boston. Zannino and his associates independently had some contacts with Chinese Ping-On gang members that appeared to have been generated by contact with the Genovese LCN regime in Springfield, Massachusetts, over gambling junket matters. Gerry Angiulo, in prior years, had been observed at the restaurant of a Chinese organized crime person of influence, during the early morning hours. However, Asian organized crime groups are not known to have direct, regular, illegal business ties with the Boston LCN, but apparently have the access.

For many years, an Irish organized crime group, known as the "Winter Hill Gang," has been closely associated with the LCN. While separate criminal enterprises, they often joined forces with the LCN on matters of mutual interest and Gerry Angiulo claimed "they are with us."

Additionally, in 1985, Angiulo used members of the Hell's Angels Motorcycle Gang to collect loanshark debts. The LCN, when necessary will engage in a symbiotic relationship with other groups. However, this appears to be sporadic, unusual and not a common practice.

*Question.* What influence does the LCN have in the labor unions in your area? Has your Division's organized crime successes had any effect on the LCN's influence on those labor unions?

Answer. Electronic surveillances conducted in New England between 1981-1987 failed to reveal the direct ties between the LCN and labor unions that have been found in other parts of the country. No LCN member is known to hold a union position. This is not to say that they are without their own degree of influence. Further investigation concerning this area is warranted in the Boston area.

Specifically, during the Angiulo interception Nicolo Angiulo talked with his brother Gennaro about having gone to New York and having met with other LCN consiglieres wherein he learned the New York families were heavily involved in labor unions. Nicolo Angiulo reported he was totally against this form of activity and advised his brothers against it.

*Question.* What other investigative tools or Federal statutes are needed to aid law enforcement in its investigation of organized crime in New England?

Answer. The LCN in New England is extremely conscious of electronic surveillance and, having learned from the past, now meets in places or under conditions which are exceedingly difficult to surveil electronically. As a result, law enforcement requires the ability to electronically intercept the conversations of subjects wherever they are located rather than conducting electronic surveillance on a specific location. The Electronic Communications and Privacy Act of 1986, with provisions for "roving taps," has enabled law enforcement to overcome this obstacle. The institution of this type of electronic surveillance, however, generates the need for additional personnel, for monitoring and physical surveillance purposes and requires innovative technical equipment designed to provide the capability of moving rapidly from one means of communication to another.

*Question.* Can you identify any emerging or nontraditional organized crime groups that will be able to challenge—or fill a void left by—the LCN family in your Division?

Answer. No. Previous prosecutions of a faction of Irish organized crime—The Winter Hill Gang—have left that group decimated and they themselves are not in a position to fill the void. The Chinese Ping-On Society, an Asian organized crime group, in general, is still not a threat outside of the Chinese community as is the LCN.

*Question.* In what New England states does the Patriarca LCN family conduct its criminal activities, and what is the extent of these criminal activities?

Answer. Providence, Rhode Island, is a stronghold for the Patriarca LCN family and the family boss, and at least two regimes are active in that area. Since 1985, the underboss for the Patriarca family has been located in the New Haven-Hartford, Connecticut area, where the Patriarca LCN family seems to have coexisted with other LCN groups for years. The influence of the Patriarca LCN family is considerable in both Connecticut and Rhode Island.

The LCN impact is New Hampshire and Maine is almost negligible.

*Question.* In view of the Boston Field Division's successful investigation into the Boston faction of the Patriarca family, has the LCN threat in Boston been eliminated?

Answer. No. These recent successes have merely created vacancies for others less qualified to fill. The Boston Division is presently conducting investigations that will result in indictments of a substantial portion of the emerging leadership but even this will not ensure that the LCN's control is broken.

*Question.* What was the Patriarca family's influence in the Boston social and civic community? What was the extent of that influence, and how did that influence affect the way the Boston Division conducted its investigation?

Answer. The Patriarca influence in the Boston social and civic community was considered extensive. This group operated without any legal opposition for many years, and it made little difference whether it was incompetence or corruption that allowed them to operate. The Boston Division, in attempting to locate lease lines in the area, utilized the New England Telephone Company only to find that this information had been leaked to the Angiulo's. This required the electronic surveillance to be done without any aid from the telphone company. It would have to be said that the investigative plans for this case were very carefully protected, and the case was conducted with as much secrecy as possible.

One by-product of the recent conviction is that certain law enforcement agencies and prosecutors seem to be more willing to investigate or prosecute the LCN. Whether this results in positive action remains to be seen.

*Question.* It is this Subcommittee's understanding that the citizens of the Prince Street area of Boston's North End participated in a "lookout" system for the Angiulos, in which they would report any "suspicious" activity in the neighborhood to the Angiulos. How did this community support of the Angiulos affect the investigative techniques utilized by the Boston Division? Is this community family involved in narcotics trafficking, and if so, to what degree is it involved?

Answer. It is true that Agents in this investigation not only had to avoid discovery by LCN figures or associates but also had to avoid the curiosity of citizens in that immediate area. A number of LCN murders have been committed in the North End section of Boston over the years, and authorities had failed to show these citizens that they had the capacity to break the LCN control. Since the prosecutions in 1985 and 1986, it appears that the North End community would offer less support to the LCN than in the past.

A recent survey of LCN-related intelligence within the Boston FBI files indicates that approximately 50 percent of New England LCN members have had some form of involvement in illegal drug trafficking or personal drug abuse. The New England LCN is not the most significant drug-trafficking group in the region, and there is a "family rule" prohibiting an LCN member from involvement in drug activities. This rule is a myth as it is not enforced by the Family hierarchy, and individual members and capos cannot resist the lucrative drug profits. Illegal drug activity represents just another criminal leg of the LCN enterprise in New England.

*Question.* Has the Boston Division had any successful organized crime investigations outside of the Boston area?

Answer. As a result of Federal prosecutions over a number of years, the Patriarca LCN faction in Worcester, Massachusetts has almost been neutralized as a criminal threat to the community.

All pertinent members of the Genovese faction in Springfield, Massachusetts are presently under Federal RICO indictment awaiting trial. The Genovese LCN family has been charged as an illegal enterprise.

The Boston Division was responsible for both the Worcester and Springfield, Massachusetts investigations.

*Question.* What is the Patriarca family's role in the LCN's nationwide criminal activity? Do they stay in their own territory, or conduct illegal activities with other LCN families?

Answer. In general, the Patriarca LCN family operates within New England. There are examples where they have operated outside New England, but these are relatively limited.

Based upon Title III intercepts between January and May of 1981, it is obvious that the Patriarca family does in fact have a relationship with other families throughout the United States. This was particularly emphasized as Ilario Zannino talked to three of his soldiers about the death of Philadelphia boss Phil Testa and the fact that the LCN family in New England should, when called upon by the commission, go to Philadelphia and help kill those responsible for the murder of Testa. There were also numerous conversations, particularly between Nick Angiulo and Gennaro Angiulo, concerning the New York family and the number of times Nick Angiulo traveled to visit the New York family to obtain more information, particularly as it related to the running of the LCN.

During the Gallo-Profaci war in the late 1960's in New York, Patriarca did loan one of his trusted aids to New York in an attempt to settle the dispute. In 1976, former Government witness Joseph Barboza was murdered in San Francisco by four members of the Boston LCN who were believed to have set up the hit through the West Coast LCN. In summary, however, it would have to be said that this illegal enterprise confines the majority of its activities to the New England area.

*Question.* Why were the civil components of the RICO Statute not utilized in this investigation?

Answer. The initial phase of the Angiulo investigation was planned around the full use of RICO predicates; however, the First Circuit Court of Appeals ruled in September of 1980 that the RICO Statute did not apply to purely criminal enterprises. During the actual period of court-authorized electronic interception, the investigative and prosecutive theories were switched to substantive crimes of gambling, loansharking, etc., and thus greater minimization was required and conversations were lost because the RICO Statute was not cited in the court order. Shortly after termination of the electronic interception in the Angiulo case, the United States Supreme Court ruled in June of 1981 that the RICO Statute did apply to purely criminal organizations and thus the prosecutive and investigative direction reverted back to the utilization of the RICO theory.

Since then, our Boston Office has used, is now using, and will continue to use the civil components of RICO, especially in the forfeiture area, to remove the profit motive from organized criminal activity.

*Question.* Did the Patriarca Family use money-laundering techniques to "wash" the monies obtained from its illegal operations? Is money laundering a common practice engaged in by the LCN, or is it unique to the Patriarca Family?

Answer. Investigation revealed that over a 18-month period, the Angiulo group laundered approximately $7 million between two Boston banks. The banks were later prosecuted, but the issue regarding the Patriarca Family's use of money-laundering techniques is still being investigated.

Money laundering is not a practice restricted to the Patriarca LCN Family. It is a common practice among many organized crime groups.

*Question.* Are there LCN families, other than the Patriarca family, conducting illegal activities in New England. And what activities are they engaged in?

Answer. The New York Genovese LCN family has a regime in Springfield, Massachusetts, and two members of this regime are located in Worcester, Massachusetts. This family is active in gambling, loansharking and stolen property and has a heavy interest in gambling junkets. Certain of these individual members may also be involved in labor racketeering and narcotics.

*Question.* How important are illegal gambling businesses to the Patriarca family? Can you estimate the approximate size and extent of their gambling business?

Answer. In Boston, Gerry Angiulo often commented that he feared Federal gambling investigations, knowing that they could be used as RICO predicates. The Boston LCN faction controlled all the numbers, were heavy into sports bookmaking layoff, and conducted fraudulent charity sponsored Las Vagas nights where the charities were victimized by this group.

It cannot be emphasized strongly enough that the illegal gambling business was the principal source of revenue for the Angiulo and Patriarca family as a whole. It was the single most important illegal activity that the New England family engaged in and has been for a period in excess of thirty years. This was primarily due to the business sense of the Angiulos and the way that they ran their gambling activity, particularly the numbers operation. Conservatively, based upon the records and testimony at trial, it is estimated that the approximate size and extent of the gambling business was $30,000 a day, strictly limited to the numbers operation run by the Angiulos in Boston. It is impossible to estimate the amount of money that was generated by their sports bookmaking.

*Question.* The FBI has done fine work against the LCN. The obvious question now is what is next? That is, who is filling the LCN void, and what are we doing about it?

Answer. In the New England area, despite the successes achieved against the LCN, no void presently exists that would permit an emerging organized crime group to seize power. The LCN is still the dominant organized crime group in this area and will be for the foreseeable future.

*Question.* In our 1984 Subcommittee Report on the *Status of Organized Crime in the Mid-Atlantic Region,* we concluded on page 67 of the Report that: ". . . emerging crime groups such as outlaw motorcycle gangs should be investigated fully by law enforcement and immobilized before they become entrenched." Do you agree with that assessment of the Subcommittee's? If so, what is your office doing about them? Specifically, how many cases have you brought, and what resources have you allocated to them? Where do you take such investigations for prosecutions? U.S. Attorney?

Answer. Yes, we agree with the 1984 Subcommittee report. However, the LCN continues to be the most significant organized crime group and therefore, receives the highest investigative priority. Investigations regarding emerging organized crime groups are allocated resources accordingly.

The Organized Crime National Strategy calls for the LCN to receive the highest investigative priority, while addressing other organized crime groups and expanding existing intelligence on emerging organized crime groups to ensure that priorities are set properly and allocation of limited resources are utilized effectively and efficiently.

One successful prosecution of several outlaw gang members was achieved in this Division partially as a result of a coordinated National effort against these groups. The outlaw motorcycle gangs in New England are not considered as serious a crime problem and, therefore, not demanding of the same investigative attention as is necessary in other parts of the United States. Investigations concerning outlaw motorcycle gangs in New England are normally prosecuted by the Organized Crime Strike Force.

*Question.* In the same Report, our Subcommittee criticized the Department of Justice and the Organized Crime Strike Force for focusing their attention almost exclusively on the LCN. We stated on page 67 of the Report: "For too long, the Strike Forces have addressed the subject of organized crime as if the problem were one limited almost exclusively to La Cosa Nostra. The LCN is an important factor in organized crime, but it is not all there is to the problem." Do you agree with this 1984 assessment of the Subcommittee? Has it changed based upon your own experiences with your local Strikes Forces and U.S. Attorney offices?

Answer. While we agree that the LCN is certainly not the only organized crime group present in New England, we feel it is by far the most dominant and accordingly, should continue to receive the most attention both from the FBI and the Strike Force. The LCN continues to be the most significant organized crime group. The prosecutive successes realized by the U.S. Department of Justice of LCN members in recent years may have served to curtail LCN organized crime activity but have not significantly diminished the threat the LCN poses to American society. The Organized Crime National Strategy calls for the LCN to receive the highest investigative priority, while addressing other organized crime groups to ensure that priorities and allocation of limited resources are utilized in the most efficient and effective manner. Investigative resources are committed to other organized crime groups to a limited degree, and these investigations are coordinated with the local Strike Force.

*Question.* In our 1984 hearings on the status of organized crime in the Great Lakes region, the Subcommittee conducted a confidential survey of 30 past and present strike force attorneys and investigators. Twenty-six of the 30 respondents said they had firsthand, direct knowledge of instances in which they had gathered sufficient evidence to demonstrate a major organized criminal activity that was not part of or associated with an LCN family. But in each instance their requests for Strike Force assistance were denied because there was no LCN involvement. (page 13 of the Hearings and page 3 of the Report.)

Are such observations accurate based upon your office's experience? In such a case, what does your office do with the investigation? Do you have problems taking it to a U.S. Attorney's office if it was rejected by the Strike Force? What should be done about this?

Answer. We are not aware of any instances wherein any significant organized crime activity was not investigated because there is no LCN influence or involvement in the New England region. It is noted that in consultation with the Chief of

the Strike Force on a periodic basis, all organized crime-related problems are examined, priorities set, and resources allocated; however, due to the continued strength of the LCN in this area, there has been no question as to the proper allocation of these resources. No serious criminal act in any organized crime group has gone unaddressed from this region.

During the 1970's, the Boston Division aggressively investigated the racketeering activities of an organized crime group known as the "Winter Hill Gang." The "Winter Hill Gang" was comprised of members who were of Irish descent. As a result of these investigations, the hierarchy of this gang was arrested, convicted and incarcerated.

Based upon the above statements, it should be concluded that the priorities of the Strike Force and the FBI are consistent in the New England Region. If a situation did arise where, due to lack of resources, the Strike Force was unable to handle a case, it would, of course, be referred to the U.S. Attorney's office.

*Question.* In our report on the *Status of Organized Crime in the Great Lakes Region*, we noted that there appeared to be no agreement within the Organized Crime and Racketeering Section of the Justice Department, which supervises the strike forces, as to what constituted organized crime. Do you agree with this assessment? How does your office define organized crime for prioritizing investigations? Do your priorities agree with the Strike Force's? U.S. Attorneys'? If not, where do they differ? What do you do when they differ?

Answer. As previously stated, priorities of the field division agree with the local Strike Force Chief's as well as the various U.S. Attorneys. In addition, this office is in complete agreement with established FBI national strategy concerning organized crime. The formulation of the FBI National Organized Crime Strategy is the result of many successes and some failures, designed by Agents who have actively engaged in the organized crime fight in the last several years. When applied at the field level, it is most effective in helping to assign priorities not only regionally but also in assisting to insure that not only is the regional program effective, but that it blends in and becomes a component of a national investigative strategy. This national strategy assists each field division in assessing and defining its own individual organized crime problem and in insuring that there are coherent national goals and objectives.

Effective communication between this office, the U.S. Attorney and U.S. Strike Force Chief leaves no room for confusion or differences regarding the nature, scope and impact of organized crime; its investigative priority; and the strategy to be followed in addressing it.

*Question.* On the first day of the hearings, the General Accounting Office (GAO) recommended to the Subcommittee that our organized crime efforts need to be based upon "careful strategic planning" that established clear objectives, assigns responsibilities and allocated our finite law enforcement efforts. Do you agree with such an analysis, and if you do, who do you recommend should establish such a well thought out plan for all Federal law enforcement agencies involved in the fight against organized crime?

Answer. As previously discussed, the FBI has a carefully planned national strategy against organized crime, which has proven extremely effective. The FBI strategy is conveyed to other Federal, state, and local law enforcement agencies through established liaision. The goal of all Federal law enforcement combating organized crime should be uniform; however, the strategies setting forth priorities, objectives, and techniques must be tailored by each agency depending upon their jurisdiction, intelligence base and resource availability.

*Question.* GAO recommended that the current strike force planning vehicle, the National Organized Crime Planning Council (NOCPC), be expanded and intensified to accomplish this goal. NOCPC was established in response to prior criticism by this Subcommittee that the Justice Department's Organized Crime Program lacked "formal standards to measure effectiveness, lacked a national strategy and definition of organized crime." Although NOCPC is supposed to annually visit every strike force and discuss local problems with the various law enforcement agencies, it is our understanding, they rarely do so. Do you get any guidance from NOCPC? When was the last NOCPC meeting in your town? I understand, for example, that there hasn't been a NOCPC in Cleveland for three to four years? What is the system in existence in your city to discuss and lay out local strategies and allocate resources between agencies? When was the last time you met? Who attended? Who chaired the meeting?

Answer. The last NOCPC meeting in New England was approximately four years ago and more recent scheduled meetings were canceled because of lengthy LCN trials in progress or budgeting problems on the part of the Justice Department.

Insofar as organized crime strategies in New England are concerned, I would again point to the FBI national investigative strategy against organized crime and the prioritization of criminal investigation within this strategy. Using this strategy, an FBI investigative strategy for the four New England states is written on a yearly basis in consultation with the Organized Crime Strike Force Chief. This strategy is directed at the LCN as a criminal enterprise and is reviewed periodically during the year by the Special Agent in Charge, Boston, his Organized Crime Program manager, and any changes necessary are made during the course of the year as warranted by case development or additions to the intelligence base.

Joint organized crime intelligence meetings are periodically held during the year between the Boston and New Haven FBI Divisions to insure continuity of purpose and direction concerning the investigation of the LCN in New England.

The Organized Crime Crime Strike Force Chief in New England is either a personal attendee or has personal input into the meetings. Both the FBI and the Organized Crime Strike Force Chief coordinate intelligence and ongoing investigations through the Strike Force with other Federal agencies.

In summary, the FBI national investigative strategy is used as a framework for the New England strategy, which is developed in conjunction with the Organized Crime Strike Force. This strategy is then coordinated between two FBI offices covering all of New England and with other Federal agencies through the Strike Force. FBI Program Management in Washington reviews the progress of these plans through various administrative controls.

*Question.* As you know, on January 2, 1988, Attorney General Edwin Meese signed an "Order Directing New and Expanded Initiatives in the Federal Organized Crime Effort." As I read the order, it really addresses only the division of authority between the United States Attorney and the Justice Department's Organized Crime Strike Forces. As I understand it, prior to this order, the Strike Forces, under the direction of the Strike Force Chief in Washington, exercised control of their investigations, while keeping the U.S. Attorney advised of their activities in order to avoid possible conflicts. By contrast, this new order apparently gives the United States Attorney principal control of Strike Force investigations and prosecutions. The order even names the U.S. Attorney, as opposed to Strike Force superiors in Washington, as the "rating official" for the performance rating of the local Strike Force Chief. Now, the FBI has obviously worked organized crime cases with both the Strike Forces and the U.S. Attorney's Offices. Do you feel this order was necessary and, if so, why?

Answer. The Boston Division of the FBI has enjoyed a commonality of purpose and prosecution with the Organized Crime Strike Force and the U.S. Attorney for the District of Massachusetts, as well as the U.S. Attorneys for the other New England districts. At the present time, the above order has not disturbed our working relationships in any fashion with any prosecutor. This harmonious relationship has certainly been a positive ingredient in recent successes in long-term, complex cases. The above-cited order to date has not demonstrated any positive or negative effect on our investigative efforts.

*Question:* What is the current procedure for coordinating labor cases with the Strike Force and Labor Department? How can we be assured those problems won't occur again?

Answer. At the first level, Boston FBI Agents are encouraged to routinely converse with their counterparts at the OLR and to exchange intelligence regarding labor racketeering at this level. Secondly, management of both these groups periodically meet to discuss cases of mutual interest and methods of procedure. Lastly, both the FBI and the Labor Department utilize the New England Organized Crime Strike Force as prosecutors and, therefore, there is a third level of communication to ensure that no investigation is at cross purposes with another.

*Question:* Judge Sessions explained how the FBI effectively uses the "Task Force" concept in Organized Crime investigations to maximize the resources of Federal, state, and local law enforcement agencies. However, isn't it true that your office's investigation of a powerful LCN underboss was conducted solely by the Bureau because of the LCN's network of contacts throughout state and local government? Is it true that several members of the Boston Police Department were on the LCN family's payroll? Did the LCN's family influence extend to any Federal law enforcement personnel?

Answer. In order to maintain the integrity of all its investigations whether inside or outside the FBI, the FBI operates on the need-to-know principle. Therefore, investigations concerning the LCN are not shared with FBI employees within the Boston Division or any other FBI office or FBI Headquarters entity that does not have a need to know.

In 1980 and 1981 the Task Force technique was not as widely used as it is today. In 1980 and 1981, while preparing for the court-authorized electronic surveillance at 98 Prince Street, the headquarters of the LCN in Boston, no consideration was given at that time to employ a Task Force concept relative to the electronic surveillance itself. Basically, the reasons are set forth as follows: All of law enforcement, to include local, state, and Federal agencies, were aware of the location of the LCN headquarters and the fact that this had been the same location for a period in excess of 20 years. The decision to utilize only FBI resources to include personnel, was based mainly upon the desire to maintain secrecy relative to all phases of this investigation. It was generally conceded that if in fact other law enforcement agencies were aware of the fact that the FBI had electronic surveillance at the headquarters of the LCN in Boston, this would have been a matter of conversation and would have quickly spread throughout all departments. This fact coupled with information received by the Boston Office that individuals of the Boston Police Department were known to have talked to members of the LCN and associates, firmly dictated that the FBI and the FBI alone would conduct all aspects of this investigation. As a result of the 3-month electronic surveillance at 98 Prince Street, it was determined that various members of the Boston Police Department had in fact been furnishing information to the LCN on a regular basis. The names of these individuals were made known during many of the conversations, and this information was relayed to the hierarchy of the Boston Police Department through the administrative staff of the FBI in Boston. Since all of the information was of a third party nature, no official charges were introduced during Federal court proceedings relative to these police officers. It is also noted that all of the police officers mentioned on the tape recordings retired shortly after the electronic surveillance became known to the general public and to all law enforcement.

Some corruption in the Boston Police Department has been uncovered, and that problem is being addressed jointly by the Boston Police Department and the FBI.

There has been no evidence gathered to indicate the LCN's influence extended to Federal law enforcement.

*Question.* One of the purposes of these hearings is to strip away the myths surrounding the LCN and reveal to the public the true nature of these thugs and hoodlums. We must deglamorize organized crime to make it less appealing to those people who support it. Could you explain the problems which the FBI encountered from neighborhood supporters of the LCN during the Bureau's attempts to maintain surveillance of the LCN's Boston headquarters?

How did you eventually overcome the problems presented by these sympathizers' efforts?

Answer. The neighborhood support furnished the LCN in Boston relative to their headquarters located at 98 Prince Street was based upon the long-time association of the Angiulo brothers at that specific location (in excess of 30 years) and the personal friendships the Angiulos had made with many of the long-time residents of that area. This association, coupled with the fear and in some cases respect afforded the Angiulos lent itself to a neighborhood security network which made it virtually impossible for any law enforcement agency to enter the area without notification being made to the Angiulos by one or more of the local residents. Normally, these residents had no association with criminal activity but rather attempted to ingratiate themselves with the Angiulos by advising one or more of the Angiulos of the presence of law enforcement. This was verified on numerous occasions throughout the course of the court-authorized electronic surveillance. When any strange vehicle or indivisual appeared in the neighborhood, this information complete with all descriptive data, would be immediately referred to one or more of the Angiulos.

An extensive plan was devised and instituted by the FBI for court-authorized entry into 98 Prince Street for the purpose of installing two surveillance microphones. The same plan was put into effect on five different occasions regarding each entry into the location in order to maintain and/or replace the equipment.

Only when the results of the conversations were made public through court proceedings and subsequently reprinted in all major media newspapers within the Boston area did the sympathy for the Angiulos and their associates dissipate in the North End section of Boston. The same individuals who had been held in high esteem by many of the local residents were now displayed as murderers, extortionists, and as individuals whose primary interest was to conduct criminal activity. Much of the support which had been in evidence for the Angiulos was eradicated.

These obstacles were overcome by thorough planning, total dedication on the part of Agent personnel willing to undergo physical rigor for long hours, and knowledge that any error in execution would jeopardize the investigation. The investigation

could not and did not make any damaging mistakes, and when Agents were active in the area they managed to blend into the locale.

*Question.* Did your electronic surveillance operation reveal the Boston LCN planning any murders and, if so, was the FBI able to avert any of the planned killings? If so, how was this accomplished?

Is it true your electronic surveillance operation disclosed that the Los Angeles LCN family used a member of the Boston family to commit a murder in San Francisco? Do LCN families usually use members of other families to do their hits for them?

Answer. During the course of the 103-day electronic surveillance, members of the LCN discussed the murder of three individuals and discussed the details concerning six murders which had previously been committed by themselves or other members of the LCN. With relation to the three ongoing murders that were discussed, the following facts are set forth: On March 31, 1981, the murder of Angelo Patrizzi was discussed between the Underboss, Gennaro Angiulo, the Capo Regime Sammy Granito and an LCN soldier, Freddy Simone. Granito and Simone discussed with Angiulo the previous attempts to kill Angelo Patrizzi, who expressed his desire for revenge relative to the murder of his brother by the LCN three years previously. The decision to kill Patrizzi was also made and sanctioned by the Underboss in order to avoid Patrizzi killing any member of the LCN. On March 21, 1981, Angiulo again discussed this murder with Capo Regime Ilario Zannino and explained to Zannino in detail the reasons why this murder had to occur. Efforts were made by the FBI upon identifying the victim of this proposed murder to locate and warn Patrizzi. However, Patrizzi was in fugitive status at this time having escaped from a halfway house and could not be located by the FBI. It is noted that in June of 1981, the badly decomposed body of Angelo Patrizzi was found in the trunck of a car in the vicinity of Lynn, Massachusetts. Because of the decomposed nature of the body, the exact time of death could not be verified. However, based upon investigation which disclosed his last known whereabouts prior to his death, it appears evident that Patrizzi was killed shortly after or on March 15, 1981, which was the last date he was seen by friends. Patrizzi was wearing the exact same clothes on that date that were found on him in June of 1981.

On March 19, 1981, Gennaro Angiulo, Underboss, ordered the execution of an individual known as Walter Lafrenier and ordered that the execution be carried out by two LCN members, Richard Gambale and Peter Limone. Immediately upon receiving this information at the monitoring site, FBI Agents instituted efforts to locate and warn Lafrenier. This was accomplished a few hours after the actual converstion and prior to the LCN reaching Lafrenier. Lafrenier was advised that he was to be killed, that a contract had been placed on his life, and appropriate security precautions would be afforded him by the FBI if he so desired. Lafrenier did not request any protection from the FBI and when the LCN attempted to reach him and ask him to come for a ride, he responded, "Why, so you can kill me?" Lafrenier then proceeded to tell the LCN of the FBI's warning which was immediately given back to Gennaro Angiulo. LCN efforts to kill Lafrenier were placed in abeyance and were never carried out.

On April 23, 1981, Ilario Zannino gave an order to three LCN members to execute an individual by the name of Harvey Cohen. Zannino advised his soldiers that the execution was to take place "for the family in New York." Zannino then proceeded to tell his soldiers how he wanted the murder accomplished and, based upon this conversation, it appeared that the murder would not take place for approximately three to four days. The next morning, following this conversation, the FBI located and advised Cohen that a murder contract had been placed on him. Cohen left the area and remained out of the Boston area for approximately a five-year period, long after the convictions against Angiulo and all high-ranking members of the LCN.

In short, of the three planned killings by the LCN during the course of the electronic surveillance, two were averted by the FBI and one could not be averted due to the fugitive status of the victim himself and the inability to locate him prior to his murder.

During the course of the electronic surveillance, Gennaro Angiulo, Underboss, and Ilario Zannino, Capo Regime, openly discussed the murder of Joe Baron Barboza and the fact that a Boston soldier by the name of Joe Russo had accomplished the hit in the San Francisco area in 1976. Zannino discussed his part in setting up this murder and the fact the murder had been helped by members of the Los Angeles family. Based upon this discussion and the previously mentioned planned murder of Harvey Cohen, which was to have been committed for the family in New York, it appears certain that LCN families do in fact use members of other families to do their "hits" for them.

While not having the factual information to refer to specific murders, Boston FBI intelligence has indicated that New England LCN members have assisted New York LCN families with their problems. One of the organizational strengths of the LCN has been the ability of one family to call upon the resources of another, where specific situations warranted. This would still be considered a valid investigative assumption. However, in New England, the usual case would appear to be that the New England LCN did their own murders and that a prospective member had to commit or participate in one murder before he could become a "made" member of the LCN.

*Question.* Did the Boston LCN family have any close ties to any of the New York families? Did any of the New York families represent the Boston families in matters involving the Commission?

Answer. Based upon conversations intercepted at 98 Prince Street, it appears evident that Boston members, particularly the Underboss Gennaro Angiulo, former Boss Raymond L.S. Patriarca, and Consigliere Nicolo Angiulo did in fact have close connections to the New York families. Angiulo commented at length regarding a meeting he had with former LCN boss Vito Genovese while in New York with Raymond Patriarca. Nicolo Angiulo also discussed the number of times he traveled to New York to meet with other consiglieres of the LCN relative to policies of the LCN nationwide.

Intelligence subsequent to this investigation has indicated that the New England LCN was and still is represented on the "Commission" by the New York Genovese family.

*Question.* Traditionally, we have been told that LCN members do not operate outside of their home country. However, there is evidence of suspected LCN figures from Naples operating in Springfield, Massachusetts, aligned with one of the New York families. Is this true? If so, what kind of operations are they engaged in?

Is there evidence of similar relationships between LCN figures from Italy and other American families?

What does this suggest for the future?

Answer. This specific situation refers to two individuals that have been arrested in the Springfield, Massachusetts area and were found to be members of the Camorra, a centuries-old criminal group operating out of the Naples, Italy and surrounding area. While a separate criminal organization, in recent years it appears that members of the Camorra have become closely aligned with the Sicilian Mafia and like the Sicilian Mafia have had members emigrate to various European and other western countries including the United States. On September 13, 1984, one Antonio Orlando Manzi was arrested by Massachusetts State Police for the sale of 6 ounces of cocaine. He was subsequently convicted and is currently serving a 7-to-10 year sentence in the Massachusetts penal system. During the investigation, it was determined that Manzi was wanted in Italy for offenses including two counts of homicide, armed robbery and Camorra association. Manzi has subsequently been ordered extradited and has appealed the order.

Manzi is a member of the Nuova Camorra Organization (NCO) and while in the United States was associated with a member of the New York Genovese family operating out of the Springfield, Massachusetts area. Upon arrival from Italy, Manzi was allegedly given employment by this Genovese LCN member in his gambling operations and later became involved in cocaine trafficking in Springfield, Massachusetts and Albany, New York, with his brother, Carmine Manzi, a naturalized U.S. citizen.

On June 5, 1987, one Biagio Cava was arrested by the Immigration and Naturalization Service (INS) for illegal entry into the United States and possession of false documents. He subsequently pled guilty to the Federal charges and signed a waiver of extradition to Italy wherein he was turned over to Italian authorities to serve a previously imposed sentence of 5½ years for conviction of charges of extortion, weapons possession, telephone threats and Camorra association. Cava is also reportedly under investigation for conspiracy to murder an Italian judicial official.

Cava is alleged to be a member of the Nuova Famiglia (NF) faction of the Camorra, the opposing faction to the NCO Family. He survived an ambush-murder attempt in 1983 in which a companion was killed. Antonio Orlando Manzi (supra) has been convicted of this attack. INS provided information that Cava was in the Springfield, Massachusetts area to kill Antonio Manzi, a member of a rival Camorra faction.

Cava was also aligned with the Genovese LCN Family and their associates in the Springfield, Massachusetts area.

Concerning relationships between the New England LCN and the Sicilian Mafia, the following is set forth:

FBI, Boston, intelligence indicates that members of the Sicilian Mafia have come to this area, but are put under the control of the local LCN. After a period of time, they may be made members of the Patriarca family, or be told to go back to Sicily. What type of relationship these people maintain with the Mafia in Sicily is not clearly known at this point nor is it really known if they maintain a sort of dual membership.

One thing appears certain is that in the New England area, there is contact between the Patriarca LCN family and the Sicilian Mafia and that what is convenient, efficient and profitable for both of these groups will dictate the future.

The Sicilians have demonstrated that they are international citizens and often have more contacts across the country than the traditional LCN in large most part because many of their associates from Italy have also immigrated to the United States and aligned themselves in some manner with other traditional LCN families.

*Question.* There is also evidence of cooperation between the LCN and Chinese organized crime groups in Massachusetts, primarily in connection with gambling junkets. How was this relationship developed and what is the nature of the cooperation between these two organized crime groups?

Is there evidence to suggest that this kind of cooperation between traditional and emerging criminal groups is increasing?

How would you characterize relationships between these groups in New England?

Answer. At the present time there is no evidence to indicate substantial illegal or legal business dealings between Chinese organized crime in Massachusetts and the LCN. However, there is certainly contact between these groups. The Genovese LCN family in Springfield, Massachusetts, and their associates, have been active in gambling junkets to Las Vegas and Atlantic City for years. Through these junkets, Genovese LCN members reportedly became acquainted with a Chinese OC leader from Boston.

Another Chinese OC leader in Boston and an elder associate had a preexisting acquaintance with underboss Gennaro Angiulo who would reportedly have late night meetings in Boston's Chinatown.

To date, no significant criminal activity between these groups has been observed or reported. It would appear that at present, these two groups appear desirous of having the ability to communicate with each other while going their separate ways. There has been no known increase or change in the nature of contact between these two groups in recent times and the Chinese OC influence still appears to be limited to the ethnic community.

*Question.* The FBI has reported that, during the past 10 years, the New England LCN's various illegal activities have generally decreased or remained stable, with the exception of its involvement in extortion, which has increased significantly. To what do you attribute this rise in extortion cases?

Answer. Historically the LCN in Boston actively participated in conducting illegal gambling in numbers, sports, horse and dog races. The LCN leaders knew how to manage and operate these forms of enterprises as they had substantial experience while working their way up through the ranks. These leaders were eventually convicted and the replacement leaders had two problems: first, they literally did not know how to manage large bookmaking enterprises and second, they were reluctant to participate in day-to-day management as this left them exposed to Federal RICO prosecution utilizing gambling predicate acts. The newer leadership was unable to just take over the operation of incarcerated members so they began to extort all identifiable bookmakers into paying weekly or monthly "rent" to the LCN in order to be allowed to operate. Anyone not wanting to pay was told to get out of the bookmaking business or be killed and that all bookmakers "had to be with someone," i.e., an LCN member. This tactic allowed the newer LCN leaders access to a quick source of income from a group that would not complain legally nor were they in a position to resist and still remain in the business.

Reportedly, the LCN periodically applies this same tactic to drug dealers but this information is less detailed than the above.

*Question.* Historically, the New England LCN family has generally confined itself to illegal ventures, choosing not to attempt to infiltrate legitimate businesses. Has this remained true during the recent boom in high-technology businesses which has occurred in New England?

Answer. Yes.

For years the New England LCN has dominated without any serious competition in the traditional crimes of gambling, loansharking, extortion and to some extent involved themselves directly in aspects of the drug trade. At the same time they remained a relatively small family led by the same person for 30 years. This left a

group where everybody was making money and the family was controlled by an older mentality.

Gennaro Angiulo did not want to get involved in labor racketeering fearing this would bring too much attention from law enforcement. Younger members were brought up in the old school and do not appear to have ever been schooled in the sophisticated white-collar/business crimes demonstrated by other LCN families in the country. During the boom in high technology business in Massachusetts, which is ongoing, the situation has remained the same to date.

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U.S. Department of Justice
Federal Bureau of Investigation

# Statement of
# Joseph E. Griffin
# SAC Cleveland Division
# Federal Bureau of Investigation

Before the
Committee on Governmental Affairs
Permanent Subcommittee on Investigations
United States Senate
April 15, 1988

*Re: Organized Crime - 25 Years After Valachi*

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I am honored and pleased to appear before you on behalf of the Cleveland Office of the Federal Bureau of Investigation.

My opening remarks concern a recent history of the Cleveland Family of "La Cosa Nostra" (LCN) and of the accomplishments of the Cleveland FBI in eliminating this cancer to our society, and of our plans for maintaining the investigative momentum in this area.

The story of the Cleveland LCN family is not one of criminal genius or of superior business acumen in the realm of criminality. It is a story of young hoodlums grown old, lacking any vestige of conscience, social responsibility, remorse or any other human virtue that would identify them as responsible members of human society.

Their incentive is pure greed. Their business is feeding on the weaknesses of our society: gambling, alcohol, dangerous drugs, narcotics. Their competitive spirit is basic; elimination of competition by any means. Hired killers are used to dispose of persons judged to be disloyal or a threat to the status quo. Their business strategy is and has been the corruption of our laws, our leaders, our government and our society itself.

They have called themselves "The Family", "The Mob", "La Cosa Nostra" (LCN), which incidentally, roughly translates to "our thing". It is a gang masked as a business. Its tools are guns, bombs, extortion and the threat of death.

The Cleveland "LCN" began in 1913 when some young toughs, members of a street-gang called the "Mayfield Road Gang", were recruited by a local newspaper to break up a rash of beatings, shootings and truck hijackings related to a newspaper circulation "war" in the Cleveland area. The street gang consisted of young hoodlums from a small district of Italian-Americans.

With the coming of prohibition, the Cleveland mob became active in bootlegging, liquor and taking advantage of Cleveland's harbor and frontage on Lake Erie by bringing in illegal liquor across the lake from Canada and servicing other harbor cities. To maximize their profits, they soon built a small bootleg empire by infiltrating the sugar industry, servicing hundreds of small operators of illegal stills, and then buying back the finished product for resale.

As huge profits began to flow in, the money was "laundered" by investing it in gambling casinos in Las Vegas and resort hotels in Florida but in 1933, prohibition ended.

The Cleveland mob was left with a massive amount of capital, fleets of trucks and boats, and an army of trained gunmen whom were by that time "made" members of the Cleveland LCN family. The leaders met with their financial advisors and immediately branched out into new areas of crime: gambling, loansharking, labor racketeering and eventually narcotics. Meanwhile, large sums continued to be diverted into legitimate businesses, including real estate, manufacturing plants, theatrical agencies and even hospitals.

As a teenager, John Scalish was a stick-up man and a burglar. In 1933 he was convicted of robbery, receiving a sentence of ten to twenty-five years in prison. Two years later he was pardoned by the governor. He emerged from prison to reassemble his former associates of the "Mayfield Road Gang" and soon became the "Boss" of the Cleveland family of LCN.

Before his death in May of 1976, John Scalish maintained his reign over an organization of known friends and associates; taking no new members into the family, but merely maintaining his empire of gambling casinos in Las Vegas and undertaking various legal and illegal money-making schemes in the Cleveland area.

Scalish began to assess the possibilities of his infiltration of the labor movement, eyeing the massive resources of the teamsters' union Central States Pension Fund. He soon developed plans to obtain a loan from that fund to purchase two major Las Vegas casinos, and then to skim money from the casino profits to be divided among several LCN families.

This new development soon revealed both the inter-family cooperation that had developed within the LCN, and also the degree of penetration the LCN had made into the inner workings and leadership of the labor union movement. LCN support soon placed Roy Williams and later, Jack Presser into the presidential position of the International Brotherhood of Teamsters. This support not only came from the Cleveland family, but the families in Kansas City, Chicago and the Genovese family in New York as well.

Upon the death of John Scalish in 1976, the position of Cleveland LCN "Boss" was taken over by James T. Licavoli. A power struggle soon developed between Licavoli and a faction of Cleveland west side organized crime figures, led by Danny Greene and John Nardi who intended to take over control of all illegal gambling in the Cleveland area, as well as exert strong influence on the unions through Teamsters Local 410. The conflict burst

into intra-gang violence when Licavoli's underboss, Leo "Lips" Moceri disappeared, the apparent victim of the gang war. Licavoli immediately put out a "contract" to kill Greene and Nardi.

In May, 1977 John Nardi left the Teamster Hall in Cleveland and entered his car. He was blown to pieces by a bomb, detonated by a remote control device.

After several failed attempts to kill Danny Greene, professional "hitmen" from out of state were recruited to assist in the murder of Greene. Jimmy "The Weasel" Fratiano from the Los Angeles family recruited Ray Ferritto, who traced the habits and movements of Danny Greene aided by the use of illegal wiretaps. As Greene returned to his car from a dental appointment, a bomb placed in a car adjacent to his, exploded, killing him instantly.

Ironically, the death of Danny Greene served to do what Greene himself had been unable to do. The apparent use of outside mobsters and the developing evidence of interstate cooperation between mobsters made it possible for the FBI to place these overt criminal efforts into the category of a racketeer influenced and corrupt organization and subject to the Federal Racketeer Influenced and Corrupt Organizations (RICO) Statute. The FBI's intense investigation resulted in a successful prosecution in August, 1982 which was devastating to the Cleveland LCN family.

Not only was Cleveland boss Licavoli convicted, but also high-ranking Cleveland LCN members John P. Calandra, Anthony D. Liberatore and "associates" Pasquale J. Cisternino, Ronald D. Carabbia and Kenneth Ciarcia.

Meanwhile, the Cleveland FBI was investigating a major narcotics operation involving still more Cleveland-LCN figures. Court orders were obtained for electronic surveillance of the major figures involved, and in January, 1983, Federal convictions were obtained for Cleveland LCN Acting Boss Angelo "Big Ange" Lonardo, "Capo" Joseph C. Gallo and "Associates" Kevin J. McTaggart, Harmut Graewe and Frederick Graewe. One leading crime figure, Carmen P. Zagaria, cooperated and became a star witness not only for this case, but other major Federal cases involving the LCN.

Eventually the entire hierarchy of the LCN in Cleveland was convicted in these two FBI cases.

As these cases developed in the late 1970s and early 1980s, it soon became apparent that the widely accepted "loyalty" between the mob leaders was only a myth. In 1983, Angelo Lonardo became the highest ranking LCN figure to become a government witness against the mob, not only in Cleveland, but in other parts of the nation. To date, his testimony has been devastating to LCN families in New York and Kansas City and the information

he has provided has given the FBI a unique insight into the inner structure of the LCN.

My opening remarks have been intended to familiarize you with the kind of people we have been dealing with and the kind of organization with which we are confronted. It is not my intention, however, to portray the Cleveland Division's successes as an end to the story.

The threat of organized crime continues. The relationships between the families of the LCN are as strong as ever. With the conviction of the Cleveland LCN leadership, the vacuum was quickly filled by an "acting boss", a former "consigliere" or legal advisor for the Cleveland family, John "Peanuts" Tronolone. Based on testimony by Angelo Lonardo, Tronolone has been charged with RICO violations and is currently standing trial in New York. The FBI recently charged the last active made member of the Cleveland LCN family with Federal narcotics violations. Even with the successful prosecution of the Cleveland family, all it would take is one initiation ceremony to take in new members and the Cleveland family would be back in business once more. When the pressure is relaxed and the attention of the government is focused elsewhere, the LCN returns to its original structure and continues business as usual.

The Cleveland Division of the FBI plans to vigorously pursue organized crime as a high investigative priority and to increase our emphasis on the investigation of LCN infiltration and control of labor unions through labor racketeering matters. We consider this criminal activity one of the most serious threats to our free society.

Mr. Chairman, this concludes my prepared remarks. I will be happy to answer the subcommittee's questions.

RESPONSES TO WRITTEN QUESTIONS FROM THE CLEVELAND DIVISION

*Question.* The field office summary submitted by the Cleveland Office also mentions the presence in Cleveland of members of the Camorra organized crime group. Could you more fully describe for us the makeup of that group and the extent and nature of their activities in the Cleveland area?

Answer. The Camorra is a centuries-old Italian criminal organization with its roots in Naples, Italy, and the surrounding countryside. Historically, the Camorra, which purportedly predates the Sicilian Mafia, has often been referred to as a second government. It now appears, like the Sicilian Mafia, that members of this group have emigrated from Italy to various European and Western countries to ply their criminal trade.

The Cleveland organized crime intelligence base has determined that certain individuals who were members of the Cleveland LCN were alleged Camorra members in Italy prior to emigrating to the United States. Cleveland currently, however, has no intelligence which would indicate that the Camorra exists as a criminal entity in the Cleveland territory.

*Question.* The Cleveland summary also states that LCN influence in the communications industry has been identified in the Cleveland area. Could you expand on that somewhat? Particularly, have you found any evidence of LCN influence in the recording industry in the Cleveland area?

Answer. Cleveland is aware that investigations conducted by the FBI in New York, Newark, and Philadelphia have demonstrated LCN influence in the recording industry. Angelo Lonardo, the former acting boss of the Cleveland LCN, provided information concerning the use of this LCN influence in New York to benefit a relative who operated in the industry in Cleveland, Ohio.

*Question.* Both the FBI and the Labor Department's Organized Crime and Racketeering Section have jurisdiction over criminal investigations in the labor racketeering area. How many joint FBI/Labor Department investigations have been handled by your office in the last three years? Are you satisfied with the cooperation between your office and department Agents in criminal investigations?

Answer. As a result of two joint investigations, a satisfactory relationship exists between the Cleveland FBI and the Cleveland Labor Department. There are regular meetings at the highest management levels. This has resulted in ongoing joint investigations in the Cleveland area.

*Question.* In your view, what should the role be of the Labor Department Inspector General's Office in the investigation of labor racketeering cases?

Answer. It is our opinion that the appropriate jurisdictional role for the DOL would be to investigate Federal labor law violations, such as ERISA.

DOL and the OLR should concentrate on fulfilling its mission of detection and preventing waste, fraud, and abuse within DOL. DOL/OLR when called upon by the FBI should render support and expertise to the FBI in cases relating to organized crime labor racketeering matters.

*Question.* Currently, unlike other Federal law enforcement Agents, Agents of the Labor Department's Organized Crime Section do not have statutory law enforcement authority—i.e., the authority to make arrests and carry a gun. They receive this authority only on a case-by-case, deputization basis, from the Justice Department. Do you know of instances where this lack of authority has delayed or impeded their ability to effectively investigate organized crime cases?

Answer. The Cleveland Division is not aware of any instances wherein this lack of authority delayed or impeded organized crime investigations of the Labor Department's Office of Labor Racketeering.

*Question.* Do you believe that Agents of the Labor Department Inspector General's Organized Crime Section should have statutory law enforcement authority? Why or why not?

Answer. No. The Labor Department Inspector General's Office of Labor Racketeering (OLR) does not need statutory law enforcement authority to accomplish their current responsibilities pursuant to Public Law 95-452.

*Question.* Did your Division use any state or local law enforcement agencies in its LCN investigations? If so, what agencies cooperated in these investigations, and what was the level of that cooperation? If not, why not?

Answer. Local law enforcement assistance from the Cleveland Police Department was successfully utilized in surveillances of subjects in these investigations. Excellent cooperation was also obtained from the Lyndhurst, Ohio Police Department in developing witnesses to the bombing which killed Danny Greene and in the development of physical evidence at the crime scene. The Bay Village, Ohio Police Depart-

ment provided lengthy assistance in the protection of several witnesses for the Government.

*Question.* Does your Division use the Task Force concept? If so, with whom, and what are the parameters of the Task Force?

Answer. Yes, in narcotics investigations. The primary agencies involved in the task force are the FBI, IRS, DEA, and U.S. Customs. Various local law enforcement agencies are utilized on a case-by-case basis.

*Question.* What is your Division's LCN family's involvement in drug trafficking, if any, and to what degree are they involved in the distribution of narcotics in your area?

Answer. The Cleveland family was involved in a large-scale narcotics network that distributed and sold marijuana, cocaine, quaaludes, and other controlled substances. The principal employee of this network was Carmen P. Zagaria, who was controlled in the operation by LCN "Lieutenants" Joseph Carles Gallo and Thomas Sinito. It is estimated that in 1981 alone Zagaria's drug network brought in approximatley $15 million and was considered the largest narcotics network in northeast Ohio. The Cleveland LCN, through its associates, is still involved in the distribution of drugs in northeast Ohio. The extent of that involvement, however, is less than it was in the early 1980s.

*Question.* What are the industries that the LCN controls or influences in northeast Ohio, and how does that control or influence affect the citizenry?

Answer. The Cleveland LCN has had a direct effect on certain industries through its influence in the unions. The most direct influence held by Cleveland LCN members was felt in the vending businesses. This influence has resulted in the elimination of competition through the intimidation of independent vendors or the businesses to whom they provide their services. Once the vending business of a particular area becomes monopolized by LCN-controlled vendors, high prices and poorer service usually result.

To a lesser extent, the Cleveland LCN also influences the construction and waste disposal industries. As in the case of the vending industry, it is also believed that the end result is usually higher prices and poorer service.

*Question.* What investigative techniques were utilized in Cleveland's investigations into LCN, and which of those techniques proved most successful?

Answer. The most successful investigative technique used in Cleveland's prosecutions of the LCN has been the Title III wiretap. This technique highlights the importance of productive informants since informant information is usually necessary to develop sufficient probable cause to support the Title III affidavit.

*Question.* Is your Division fully committed to the Enterprise Theory of Investigation and the use of the RICO Statute?

Answer. Yes, the Cleveland Division is fully committed to the Enterprise Theory of Investigation and the use of the RICO Statute. This is especially true in those cases involving significant criminal groups and/or any enterprise whose criminal activities have a major impact on society.

*Question.* Does this commitment to the Enterprise Theory of Investigation include the use of the civil components of the RICO Statute?

Answer. The civil sanctions of the RICO Statute are integral and indispensable elements of the FBI's Enterprise Theory of Investigation. The utility of the civil aspects of the RICO Statute cannot be overstated. The overall objective of the La Cosa Nostra and other organized crime groups is to generate revenue through illicit means. Organized crime groups generate this revenue through a myriad of criminal activities including infiltration of legitimate businesses and labor racketeering which, often times, involves influence and/or control of legally institutionalized entities, such as unions. The FBI has determined that the conviction of prominent and/or influential organized crime group members, to include bosses, does not necessarily create a void within the organized crime group. In some cases, the convicted member is able to continue his criminal role from inside prison while in other instances incarcerated members' positions are assumed by others to continue the criminal activity.

It is safe to conclude that the organized crime groups are, for the most part, dynamic, not static. Civil RICO sanctions force organized crime out of union office and legitimate business, bar association between members of the organized crime group and labor union and legitimate business, and enable the seizure of assets acquired by organized crime through criminal activity. This, coupled with criminal convictions, can substantially disrupt or eliminate organized crime groups.

*Question.* Does the LCN family in your Division use any nontraditional or emerging organized crime groups in the conduct of its illegal enterprises or activities?

Answer. Past LCN investigations in Cleveland have determined that individual members of the Cleveland chapter of the Hell's Angels Motorcycle Club were used to perform contract murders for the Cleveland LCN.

*Question.* What influence does the LCN have in the labor unions in your area? Has your Division's organized crime successes had any effect on the LCN's influence on those labor unions?

Answer. The FBI has identified individuals, who, because of their relationship with the LCN, influence leaders of labor unions. The FBI has been able to develop additional sources in the LCN and labor unions which are influenced by the LCN. Specific focus is on the International Brotherhood of Teamsters and the Laborer's International Union of North America.

*Question.* Can you identify any emerging or non-traditional organized crime groups that will be able to challenge—or fill a void left by—the LCN family in your Division?

Answer. The greatest influence of the Cleveland LCN family was formerly in the area of union corruption and the subsequent sharing of the "skimmed" profits from gambling casinos that this influence brought with it. The LCN and their associates are still involved in labor racketeering, and the Cleveland Division does not believe that any emerging organized crime groups are capable of gaining significant control in matters of union corruption. In other areas, such as narcotics, groups like the Hells Angels Motorcycle Club and Jamaican drug networks are beginning to take control.

*Question.* Due to the recent convictions of Cleveland LCN members and the failure of Cleveland LCN to "make" any new members, can the FBI say that the Cleveland LCN has been eradicated?

Answer. No, the Cleveland LCN has not been eradicated. Some relationships with other LCN families remain which provide illegal finances to the remaining members. However, the family at this time does not enjoy the same influence that it once had. It must also be noted that a significant network of LCN associates remain in northeast Ohio. Consequently, the potential for a rebirth of LCN activity in the Cleveland Division is great if investigative pressure is diminished.

*Question.* What groups, either LCN or non-traditional, now control the rackets in Cleveland, Ohio? What are these rackets, and how are they operated?

Answer. Significant control of certain rackets in Cleveland is maintained by emerging organized crime groups, in areas such as illegal gambling, the Hells, Angel Motorcycle Club, in illegal drugs and extortions, and more recently, Jamaican group in the importation and sale of marijuana and cocaine. The non-traditional groups operate in much the same manner as traditional organized crime groups, that is, through the use of intimidation and force.

Significant control of certain rackets in Cleveland is maintained by emerging organized crime groups such as the Hells Angel Motorcycle Club who are involved in illegal gambling, narcotics trafficking and extortion. More recently, Cleveland has seen the emergence of Jamaican groups who are involved in the importation and sale of marijuana and cocaine. These non-traditional groups operate in much the same groups, that is, through the use of intimidation and force.

*Question.* In past hearings before this Subcommittee, we've had testimony about the LCN's longstanding influence in the Youngstown, Ohio, area. What LCN family now controls Youngstown and is their influence increasing or decreasing?

Answer. The rackets of the greater Youngstown area are controlled by both the Cleveland and the Pittsburgh families of the LCN. The Cleveland "precentage" of the illegal businesses there, however, has declined since the convictions of the LCN hierarchy.

*Question.* Have the successful LCN prosecutions in Cleveland resulted in any "gang wars" for the control of Cleveland?

Answer. Recently, there have been no significant violent confrontations by groups contesting the control of the rackets in Cleveland.

*Question.* The FBI's characterization of the Cleveland LCN revealed an extremely violent side of the LCN. Is this violence unique to the Cleveland family, or is it representative of LCN as a whole?

Answer. The use of violence is common throughout the LCN. The amount of violence seen over the past decade in Cleveland, however, may in part be attributed to the fact that the warring factions were the LCN family and other non-LCN groups. Decision regarding murders did not require approval above the Cleveland family level and often were made by LCN members without full approval of the LCN hierarchy.

*Question.* Did the extreme violence exhibited by the Cleveland family hinder or assist the FBI's ability to successfully investigate the Cleveland mob?

Answer. Generally, the extremely violent nature of the Cleveland LCN family made investigation of the crimes easier, due to the fact that it created significant instances of physical evidence and resulted in much public attention being centered on an organization that many professed did not even exist. In a few instances, the fear of reprisal made the development of witnesses much more difficult.

*Question.* How important was the cooperation of Cleveland Underboss Angelo Lonardo to the FBI's investigations of LCN in Cleveland, as well as the rest of the country?

Answer. Angelo Lonardo is generally thought to be the most significant witness developed in the LCN since Joe Valachi initially testified about its existence. His testimony appreciably enhanced the prosecutions in the "Strawman" trials in Kansas City and the "Commission" trial in New York. He provided insights into the internal affairs and interrelationships of numerous LCN families that previously were either unknown or unconfirmed. His willingness to come forward and testify dealt a very serious blow to the previously unshakeable tradition of "Omerta" and will greatly enhance the development of future witnesses within the ranks of the LCN.

*Question.* What has been the relationship of the Cleveland family to other LCN families nationwide since the conviction of its hierarchy? What is the Cleveland family's current role in the nationwide criminal activity of LCN? Currently, does the Cleveland family have a minor role in illegal activities of LCN?

Answer. The Cleveland family's role in nationwide LCN activity has been diminished by virtue of the fact that its entire hierarchy has been convicted and, to date, no permanent replacements have been made. John Tronolone, aka, Peanuts, has remained as an interim overseer of the Cleveland family's LCN activities from his base of operations in Miami, Florida. He is a close associate of Anthony Salerno, former boss of the Genovese LCN family. Attempts are being made to replenish the ranks of the Cleveland family. The Cleveland LCN will remain in a minor role in national LCN activities unless they are successful in reorganizing the family.

*Question.* Were there any significant cultural or social problems endemic to northeast Ohio that impeded the FBI's investigation into LCN? If so, what were those problems, and how were they overcome?

Answer. High unemployment in a number of sections of northeast Ohio appears to provide an impetus to the establishment of various illegal gambling businesses in the very areas most affected by a faltering local economy. The successful use of the civil forfeiture provisions of the RICO Statute has been most effective against gambling and numbers operators in the Cleveland Division.

*Question.* The FBI has done fine work against LCN. The obvious question now is, "what is next?" That is, who is filling the LCN void, and what are we doing about it?

Answer. We are monitoring our intelligence base and constantly working to expand that base of information in order to immediately identify those organized criminal groups who would seek to fill the void created by our recent successes. We believe that the LCN itself is working to fill that void. When identified, we will employ the same investigative techniques that proved to be successful in the past. We will employ the Task Force concept whenever necessary and work closely with other Federal investigative agencies such as the Department of Labor's Office of Labor Racketeering, and the Internal Revenue Service.

*Question.* In our 1984 Subcommittee Report on the *Status of Organized Crime in the Mid-Atlantic Region*, we concluded on page 67 of the report that: ". . . emerging crime groups such as outlaw motorcycle gangs should be investigated fully by law enforcement and immobilized before they become entrenched." Do you agree with that assessment of the Subcommittee? If so, what is your office doing about them? Specifically, how many cases have you brought, and what resources have you allocated to them? Where do you take such investigations for prosecution? U.S. Attorney? Strike Force?

Answer. We wholeheartedly agree with the conclusion that emerging crime groups such as outlaw motorcycle gangs should be investigated fully by law enforcement and immobilized before they become entrenched. In fact, from 1982 through 1987, we vigorously investigated the Pagan motorcycle gang. That effort resulted in numerous convictions and the incarceration of the leaders of the Ohio chapters of that organization. Today, the Youngstown chapter of the Pagan motorcycle gang consists of about seven or eight members. The Columbiana County, Ohio chapter consists of about six or seven members. We do not consider that organization to be the threat to the community that it once was. Our commitment of resources to the investigation varied over time but we were always committed to applying as many resources as were available to the investigation. The prosecutive side of the case was

handled by the United States Attorney's Office. Presently, matters involving motorcycle gangs are handled through the FBI's Drug Program.

*Question.* In the same report, our Subcommittee criticized the Department of Justice and the Organized Crime Strike Forces for focusing their attention almost exclusively on the LCN. We stated on page 67 of the report: "For too long, the Strike Forces have addressed the subject of organized crime as if the problem were only limited almost exclusively to La Cosa Nostra. The LCN is an important factor in organized crime, but it is not all there is to the problem." Do you agree with this 1984 assessment of the Subcommittee? Has it changed based upon your own experience with your local Strike Forces and U.S. Attorney Offices?

Answer. We must agree with the Subcommittee's statement that "the LCN is an important factor in organized crime, but it is not all there is to the problem." However, we must note that the LCN continues to be the most significant threat to American society. Even though we have made significant progress against the LCN in Cleveland, the LCN as a national organization continues to be extremely powerful and influential. In fact, the four international unions that have been identified as significantly influenced by the LCN have a presence in Cleveland. Until the LCN's influence over the international unions is eliminated or significantly diminished the LCN as a national organization is eliminated as the most significant threat to American society, we must address the LCN as our first priority.

*Question.* In our 1984 hearings on the status of organized crime in the Great Lakes region, the Subcommittee conducted a confidential survey of 30 past and present Strike Force attorneys and investigators. Twenty-six of the 30 respondents said they had first hand, direct knowledge of instances in which they had gathered sufficient evidence to demonstrate a major organized criminal activity that was not part of or associated with a La Cosa Nostra family. But in each instance their requests for Strike Force assistance were denied because there was no LCN involvement. (Page 13 of the Hearings, and page 3 of the Report.)

Are such observations accurate based upon your office's experience? In such a case, what does your office do with the investigation? Do you have problems taking it to a U.S. Attorney's Office after it was rejected by the Strike Force? What should be done about this?

Answer. Any problems which we have experienced with the Cleveland Strike Force are a thing of the past. At the present time, we enjoy an outstanding working relationship with the Strike Force. By mutual agreement only organized crime cases involving the LCN are presented to the Strike Force for prosecution. Any cases which we considered worthy of prosecutive merit have been given prompt attention by the Strike Force. All organized crime cases not involving the LCN are handled by the U.S. Attorney's Office. If LCN involvement in the case is identified subsequent to bringing the case before the U.S. Attorney's Office, then the mattter is transferred to the Strike Force Attorney's Office. This arrangement has proven to be quite successful.

*Question.* In our report on the *Status of Organized Crime in the Great Lakes Region,* we noted that there appeared to be no agreement within the Organized Crime and Racketeering Section of the Justice Department, which supervises the Strike Force, as to what constituted organized crime. Do you agree with this assessment? How does your office define organized crime for prioritizing investigations? Do your priorities agree with the Strike Force's U.S. Attorneys? If not, where do they differ? What do you do when they differ?

Answer. In accordance with the FBI Organized Crime National Strategy, the FBI in Cleveland sustains an investigative strategy that addresses the LCN as a national criminal conspiracy. The thrusts of this strategy is the elimination of the LCN and other organized crime groups as significant threats to American society. Along with the recent success against the traditional LCN family in Cleveland, the FBI in Cleveland has identified non-traditional groups such as the Outlaw Motorcycle Gang, Jamaican and other drug gangs. These non-traditional groups are being addressed and investigated using the same strategy as that employed to investigate the LCN. A top priority within this program is the determination of the extent of influence and control the LCN has established within the labor community.

*Question.* In the same report, our Subcommittee (on page 47) recommended that ". . . the Justice Department consider using the Strike Force mechanism in communities such as Youngstown, Ohio, and other smaller communities where there are serious organized crime problems." Do you agree with such a recommendation? Specifically, has the Cleveland Strike Force and the Cleveland FBI done anything about Youngstown?

Answer. The recent FBI Cleveland case entitled "Strongarm" exemplified the utilization of the Strike Force mechanism in smaller communities which have orga-

nized crime problems. "Strongarm" successfully targeted LCN elements operating in the Youngstown, Ohio, area. The FBI in Cleveland continues to pursue an aggressive investigative strategy to identify and eliminate the LCN and other organized crime groups operating in the Youngstown area.

*Question.* During those hearings in 1984, we heard testimony from the Pennsylvania Crime Commission that Youngstown was the ". . . traditional capital of organized crime and professional crime in the Ohio Valley." Also testifying about the strangle-hold of organized crime on their city were the Mayor, the Honorable Patrick J. Ungaro, and the leaders of the bipartisan Citizens' League of Greater Youngstown. All of them echoed the words of John W. Powers of the Citizens' League that: "Federal law enforcement agencies are the only present hope the community has for addressing the problem. Yet we believe that Federal agencies, particularly the FBI, have not committed resources or techniques commensurate with the pervasive presence of organized crime and public corruption." (Page 10, Report).

What has the Strike Force and the FBI done since our 1984 hearings? Can you provide us with a list of the cases? Have you assigned any additional men to Youngstown? Has the Strike Force of U.S. Attorney's offices assigned any resources to this problem?

Answer. The FBI has committeed sufficient resources to address the organized crime problems in the Youngstown, Ohio, area. In 1984, the FBI began to investigate illegal gambling and police corruption in Youngstown, Ohio. This case was entitled "Strongarm."

In April 1988, the following individuals were indicted for violations of Title 18, USC, Sections 1961 and 1962 (RICO), Title 18, USC, Section 1955 (Prohibition of illegal gambling businesses), Title 18, USC, Section 1511 (Obstruction of State and local law enforcement): Lenine Strollo; Dante Strollo; Lawrence P. Garono; Bernard Altshuler; Kenneth Bragalone; Lt. Michael Terlecky, Commander Vice Section, Mahoning County Sheriff's Office, Youngstown, Ohio; Former Chief of Police Joseph Rinko, Beaver Township, Ohio; Vincent Serman Jr.; Lauon Hahn; Joseph P. Van Oudenhove; and Calvin Butler.

As a result of the "Strongarm" investigation, substantial forfeitures have been obtained as well as information being developed leading to a number of new subjects and violations in Youngstown, Ohio.

There have been no additional personnel assigned to Youngstown, Ohio. Present resources are adequate. The Strike Force assigned resources in the "Strongarm" investigation and continues to assist the FBI in Youngstown with sufficient resources to address ongoing investigations.

*Question.* Along with this recommendation, in that report, the Subcommittee also recommended that all Strike Forces should establish formal lines of communication with law enforcement agencies in outlaying communities within their jurisdictions in order to better determine the extent of the organized crime problems in their area with such a recommendation. Do you know if the Strike Forces have initiated such a program? Has your office? Particularly, has Mr. Griffin of the Cleveland FBI office talked to Mayor Ungaro and the Youngstown Citizens' League?

Answer. The FBI is not aware of liaison procedures established by the Cleveland Strike Force to assess the organized crime problem in the community. The FBI does provide such an assessment to the Strike Force on a regular basis. The Special Agent in Charge of the Cleveland Division, or his designated representative, is always willing to speak to any civic group or elected official. Although I am not aware of any representative of the FBI personally speaking to Mayor Ungaro in Youngstown, Ohio, the Assistant Special Agent in Charge (ASAC) did speak to the Youngstown, Ohio, Citizens' League. In addition to the ASAC, a Supervisory Special Agent assigned in Youngstown, Ohio, has spoken to numerous elected officials in Mahoning, Trumbull and Columbiana Counties, Ohio.

*Question.* On the first day of the hearings, the General Accounting Office (GAO) recommended to the Subcommittee that our organized crime efforts need to be based upon "careful strategic planning" that establishes clear objectives, assigns responsibilities and allocates our finite law enforcement efforts. Do you agree with such an analysis? And if you do, who do you recommend should establish such a well thought out plan for all Federal law enforcement agencies involved in the fight against organized crime?

Answer. The FBI, through a continuous review of its intelligence base, maintains and revises its national organized crime strategy as necessary. This strategy also incorporates state and local law enforcement elements into the plan and is coordinated with these agencies through established liaison. Although the goals of all Federal law enforcement should be uniform, the investigative strategy of each agency is con-

tingent upon their availability of resources, intelligence bases, jurisdiction, and technical capabilities.

*Question.* GAO recommended that the current Strike Force planning vehicle, the National Organized Crime Planning Council (NOCPC), be expanded and intensified to accomplish this goal. NOCPC was established in response to prior criticism by this Subcommittee that the Justice Department's organized crime program lacked "formal standards to measure effectiveness, lacked a national strategy and definition of organized crime." Although NOCPC is supposed to annually visit every Strike Force and discuss local problems with the various law enforcement agencies, it is our understanding they rarely do so. Do you get any guidance from NOCPC? When was the last NOCPC meeting in your town? I understand, for example, that there hasn't been a NOCPC in Cleveland for three or four years. What is the system in existence in your city to discuss and lay out local strategies and allocate resources between agencies? What was the last time you met? Who attended? Who chaired the meeting?

Answer. The last NOCPC conference was held in Cleveland in 1983. Others had been planned, however, due to budgetary constraints and the development of Angelo Lonardo, former acting boss of the LCN in Cleveland as a cooperating witness, and the resulting "spin-off" investigations, the Department of Justice cancelled the meetings. A NOCPC conference is scheduled for the Fall of 1988.

Cleveland's organized crime program and investigative strategies and prioritized in compliance with the FBI National Organized Crime Strategy. This strategy was developed to eliminate the LCN and other organized crime groups as significant threats to American society. Utilizing the Enterprise Theory of Investigation in cooperation with other field divisions that have LCN families which criminally interrelate, Cleveland establishes its investigative priorities. Cleveland has prioritized investigations of LCN infiltration and control of labor unions through labor racketeering. The FBI and the Organized Crime Strike Force Chief then coordinate these investigations through the Strike Force with other Federal agencies.

In conclusion, the FBI's investigative strategies emanate from a national strategy which is supported by a national intelligence base. The FBI's unprecedented investigative successes against the LCN and other significant organized crime groups originated from Bureau investigations.

*Question.* I note in Mr. Griffin's testimony that, ". . . the FBI recently charged the *last* active made member of the Cleveland LCN family." In light of such success, is there still a LCN in Cleveland? If so, who and what type of organization does it have? Also is there a need for an Organized Crime Strike Force in Cleveland in light of such a success? If so, what will it be doing that will justify its existence?

Answer. The Cleveland LCN is in the process of rebuilding its ranks through the initiation of new members. These new LCN members and an existing network of associates will require a sustained investigative effort. The Cleveland Strike Force will also be required to sustain their prosecutive efforts against the LCN.

*Question.* As you know, on January 2, 1988, Attorney General Meese signed an "Order Directing New and Expanded Initiatives in the Federal Organized Crime Effort." As I read the order, it really addresses only the division of authority between the U.S. Attorney and the Justice Department's Organized Crime Strike Forces. As I understand it, prior to this order, the Strike Forces, under the direction of the Strike Force Chief in Washington, exercised control of their investigations, while keeping the U.S. Attorney advised of their activities in order to avoid possible conflicts. By contrast, this new order apparently gives the U.S. Attorney principal control of Strike Force investigations and prosecutions. The order even names the U.S. Attorney, as opposed to Strike Force superiors in Washington, as the "rating official" for the performance rating of the local Strike Force Chief. Now, the FBI has obviously worked organized crime cases with both the Strike Forces and the U.S. Attorney's offices. Do you feel this order was necessary and, if so, why? What is its impact in your city? Especially in Cleveland where the former U.S. Attorney was recently indicted for leaking Grand Jury material, wouldn't this new control over the Strike Force cases be potentially dangerous.

Answer. This order, by establishing clear non-duplicative lines of prosecutorial authority, should be a continuing benefit. The FBI in Cleveland does not anticipate any problems relating to this "rating official" change. The Grand Jury material leak by the former U.S. Attorney is regrettable, but could have occurred in various environments within the Federal law enforcement system. Federal prosecutors are extremely careful and concerned about the security of Grand Jury material.

*Question.* As you are aware, this Subcommittee conducted an inquiry into the Justice Department's handling of the Jackie Presser ghostworker case. Without going into the guilt or innocence of Mr. Presser and other defendants, our prior hearing

reveals apparent problems with the cooperation between the Cleveland FBI Office, the Justice Department, and the Labor Department. Do you agree that there were such problems? If so, what were they, and have they changed?

Answer. A view of the relationship between the Department of Labor (DOL), FBI, and Cleveland Strike Force in the DOL investigation of Jackie Presser determined that the cooperation and coordination between the entities was less than effective. It is hoped that management efforts within each agency will reduce any potential for coordination problems in the future. The DOL and FBI are now pursuing mutual investigative targets via the Task Force concept with the prosecutive assistance of the Cleveland Strike Force.

*Question.* What is the current procedure for coordinating labor cases with the Strike Force and Labor Department? How can we be assured those problems won't occur again?

Answer. The FBI in Cleveland coordinates certain labor-related cases with the Strike Force and appropriate DOL Agents. Per an agreement between the DOL and the Department of Justice (DOJ), DOL is required to provide DOJ and the FBI with prior notification before initiating an investigation in order to avoid any unnecessary duplication of investigative effort by the FBI and Office of Labor Racketeering with respect to organized crime and labor-management racketeering.

*Question.* The "task force" concept has been very successful in facilitating prosecutions of organized crime figures. Yet, testimony before this Subcommittee two years ago revealed major problems with task force operations in Cleveland during our investigation of the Jackie Presser ghostworkers case. Mr. Griffin, you were the Special Agent in Charge of the FBI's Cleveland Division at that time. I would be interested in your view of what went wrong in the Jackie Presser investigation.

Answer. While Mr. Presser is deceased, other defendants remain and it would be inappropriate to comment on this pending litigation.

*Question.* As you know, Mr. Presser's indictment is pending trial and one of your former Agents in Cleveland, Robert Friedrick, is also under indictment for obstructing justice in the Presser investigation. I am not asking you to comment on specific pending cases, but I would like to know whether it is true that there was, in 1986 and earlier, tension between the FBI and the Department of Labor investigation in Celeveland and what caused these tensions.

Answer. While some general tensions existed, the relationship has now improved dramatically. We have regular meetings at the highest office levels using the task force concept. This has resulted in ongoing joint investigations in the Cleveland area.

*Question.* A Labor Department memo cited in our hearings two years ago asserted that the FBI was actively obstructing the Labor Department's investigation of labor racketeering. What comment do you have regarding those allegations?

Answer. It is inappropriate to comment on another agency's document except to say that the policy of the Cleveland Division of the Federal Bureau of Investigation has been and presently is not to engage in activities which would obstruct another investigation.

*Question.* Have any FBI employees, other than former Special Agent Robert Friedrick, been disciplined for their conduct in the Presser manner?

Answer. FBI Headquarters advises that no other Special Agents have been disciplined for their conduct in this matter as of this date. The matter continues under review.

*Question.* Have any changes been instituted since PSI's hearings in May, 1986, to ensure that the FBI cooperates fully and shares relevant information with the Justice Department and other law enforcement agencies which are part of the organized crime task forces so as to prevent a recurrence of the Presser situation?

Answer. The Cleveland FBI has established an excellent working relationship with the department of Labor (DOL) and currently has more than one joint investigation with them. The current relationship is such that the two offices have combined as a task force to pursue common matters. Formalized periodic liaison has been established with the DOL and the Cleveland Strike Force.

*Question.* You stated that the last active member of the Cleveland Family is currently being prosecuted. do you have any indication of any efforts to recruit new members?

Answer. Yes, and the FBI is currently investigating these allegations. Current intelligence indicates an attempt in this regard may be made. A strong infrastructure with numerous LCN associates remains in place. Only continued attention by the FBI can prevent the LCN from reestablishing their dominance over criminal activities in Cleveland.

*Question.* With the Cleveland family in disarray, is there evidence that any other non-LCN criminal groups are trying to move in and take advantage of this situation? If so, which groups are they and what types of illegal activities are they engaged in?

Answer. There are indications that non-LCN groups are becoming more active and traditional LCN associates are expanding their illegal activities now that tribute payments to the LCN are not being made. Intelligence indicates the LCN is attempting to replace the structure in Cleveland which was eradicated through prosecutions before other groups become entrenched.

U.S. Department of Justice
Federal Bureau of Investigation

# Statement of
# Robert B. Davenport
# SAC Kansas City Division
# Federal Bureau of Investigation

Before the
Committee on Governmental Affairs
Permanent Subcommittee on Investigations
United States Senate
April 15, 1988

*Re: Organized Crime - 25 Years After Valachi*

Mr. Chairman and members of the Committee:

It is a privilege to appear before you today representing the Kansas City Office of the Federal Bureau of Investigation.

Kansas City has been plagued by organized crime since the 1930s, and this activity continues today despite the successful prosecution of Kansas City mob figures in recent years.

The purpose of my presentation is to relate our efforts in the never-ending battle against organized crime and to explain what we are striving to accomplish in the future.

The Kansas City organized crime family, commonly called the "Outfit," has traditionally been involved in a multitude of criminal activities -- bootlegging, gambling, prostitution, loansharking, labor racketeering and murder. More than 50 murders, or attempted murders, were attributed to the Kansas City mob between 1940 and 1978. Only one of those murders was solved and no member of the Outfit was ever charged with a gangland slaying. Witnesses and informants were too intimidated to cooperate with law enforcement.

A series of bombings and murders in the 1970's caused law enforcement to step up our efforts to attack the pervasive organized crime threat to society.

In April, 1978, an investigation was launched by the FBI in cooperation with the Kansas City Police Department, the Internal Revenue Service and Department of Justice Strike Force attorneys, focusing on unsolved murders and contract killers.

Federal court-authorized electronic surveillance provided virtual daily coverage of the Kansas City Outfit from May, 1978, through February, 1979. This case, designated the "Strawman" investigation, resulted in one of the most successful and far-reaching organized crime investigations in FBI history. After years of frustration by law enforcement, top leaders of the Kansas City La Cosa Nostra (LCN) family, brothers Nick and Carl Civella, were convicted and sentenced to lengthy prison terms. In addition, organized crime leaders and their henchmen in Chicago, Cleveland, Milwaukee, and Las Vegas -- a total of 19 LCN members and associates in all -- were convicted in three lengthy federal court trials in Kansas City between 1980 and 1986.

The Strawman investigation laid bare the structure of organized crime and the mob's corrupt influence on Las Vegas and the Teamsters Union.

Intercepted conversations of mob figures provided concrete evidence of the LCN's hidden ownership in the Tropicana Hotel in Las Vegas and the skimming or concealing of gambling proceeds averaging $150,000 per month from the casino. This case was aptly code named "Strawman" because of the mob's concealed

ownership of Las Vegas casinos by Kansas City, Chicago, and Cleveland LCN families. The investigation also revealed LCN efforts to expand their interests in the Argent Corporation, owner of several Las Vegas hotels and casinos.

In February, 1979, search warrants served in Kansas City resulted in the seizure of an $80,000 skim package being delivered to Kansas City from Las Vegas by an LCN courier. Seized records documented meetings between Kansas City LCN members and LCN members in other cities; detailed how the skim money from Las Vegas was distributed between Kansas City, Chicago, and Cleveland LCN families; and also showed that additional skim money was given to Teamsters official Roy Lee Williams of Kansas City, who was later elected president of the International Brotherhood of Teamsters.

Eight convictions resulted from the lengthy "Strawman" trial in 1983, including the top Kansas City LCN leaders, their Las Vegas representatives and skim couriers. All received lengthy prison terms.

The second phase of the "Strawman" case, the Argent Corporation investigation, resulted in the convictions in January, 1986, of Chicago LCN boss Joseph Aiuppa; Milwaukee boss Frank Balistrieri; Cleveland LCN representative Milton Rockman; and the entire Kansas City leadership and their Las Vegas representatives.

The Kansas City LCN's influence has been prevalent nationally, as well as in Kansas City, in financial affairs of the Teamsters Union. Through murder, fear, and intimidation over several decades, the Kansas City LCN gained control of various Teamsters officials in Kansas City, most notably Roy Lee Williams. Williams was told to run for president of the Teamsters in 1981 by Kansas City LCN boss Nick Civella. His selection was the result of a compromise involving Chicago LCN bosses Jackie Cerone and Joey Aiuppa; Angelo Lonardo and other high-ranking Cleveland LCN members; and ultimately, the boss of New York's Genovese family. Once Williams was in office, friends and relatives of Kansas City LCN members were placed in key Teamsters positions, and Teamsters members were required to pay extra dues for health and welfare benefits as kickbacks to the LCN.

Most important, the multi-billion dollar Teamsters pension fund, the largest pension fund in the country, was controlled by Williams and other trustees under the domination of the LCN. As a consequence, Teamsters pension fund loan applicants, with LCN ties, received preferential treatment in return for substantial kickbacks from the loan proceeds to the LCN and the pension fund trustees.

All of these manipulations caused the cost of Teamsters services in hauling goods across the country to escalate, thus

increasing the cost paid by the public for goods and services. Not only were citizens unaware that they were being victimized, but law enforcement was generally not aware of the scope of the criminal activity taking place and its harm to the public.

There is no doubt that the "Strawman" case struck a major blow against organized crime, destroying the rank and file of the Kansas City, Chicago, Milwaukee and Cleveland LCN families. Most of those convicted in the "Strawman" case are still in prison.

An interesting note is the fact that this Committee's use of "Strawman" evidence led to the first criminal contempt of Congress prosecution when Kansas City LCN member, William Cammisano, after being granted immunity, steadfastly refused to answer questions posed by this Committee in 1980.

In Kansas City, a temporary vacuum was created by the loss of LCN leadership. But the war against organized crime goes on. Traditional LCN activities continue in Kansas City under new leadership. Last September, Sal Manzo, an LCN associate, disappeared and is believed to have been murdered by the mob. Within the past year there was an attempted bombing of a union official's car as the mob is again trying to gain a stronghold in the Teamsters local. Mob-controlled gambling is pervasive. And there is evidence the LCN is moving into the construction industry and highly profitable drug trafficking.

In spite of our successes we cannot let up the pressure. We will continue to use the tools and techniques that have proven to be effective -- electronic surveillance, the RICO statute, high-level informants and continued cooperation between federal and local authorities. We cannot afford to become complacent in our victories.

Mr. Chairman, this concludes my prepared remarks. I will be happy to answer the subcommittee's questions.

RESPONSES TO WRITTEN QUESTIONS FROM THE KANSAS CITY DIVISION

*Question.* The summary submitted by the Kansas City FBI Office states, and I quote: "During the past ten years, the impact of criminal prosecution on the activities of the LCN in Kansas City has remained relatively unchanged. Although significant statistical accomplishments and high impact achievements have occurred resulting in these convictions at Kansas City of LCN bosses and members, it is the opinion of Kansas City that the 'beat goes on', e.g., replacement personnel have filled the vacuum left by conviction and the criminal enterprise continues."

Given that statement, is it the opinion of Kansas City that the war against organized crime is a no-win situation in the long run? If not, what else do we need to do that we are not already doing?

Answer. Even though our past accomplishments have not resulted in the total elimination of the LCN, the war against organized crime should not be considered a "no-win" situation. Instead, our past accomplishments should be considered the starting point in a long-term effort to achieve the goals set forth in the Organized Crime National Strategy. This strategy was implemented in December 1987. The Organized Crime Program Mission as set forth on that date states that the FBI will eliminate the LCN and other organized crime groups as significant threats to American society through sustained coordinated investigations that support successful prosecutive action. Congress has provided the legal tools to achieve this goal with electronic surveillance legislation and the criminal and civil provisions of the RICO Statute. With a sustained effort using our past successes as a springboard, we believe we can successfully accomplish our mission.

*Question.* Both the FBI and the Labor Department's Organized Crime and Racketeering Section have jurisdiction over criminal investigations in the labor racketeering area. How many joint FBI/Labor Department investigations have been handled by your office in the last three years? Are you satisfied with the cooperation between your office and Department Agents in criminal investigations?

Answer. During the past three years, Special Agents from the Kansas City FBI Field Office have participated in at least seven investigations with representatives from the Department of Labor's Office of Labor Racketeering. Each agency brought its respective strengths to the investigations and a high degree of cooperation was achieved. This has had a beneficial effect on both agencies and resulted in achieving investigative goals and objectives.

*Question.* In your view, what should the role of the Labor Department Inspector General's Office be in the investigation of labor racketeering cases?

Answer. In labor racketeering matters, the role of the Labor Department Inspector General's Office should be to investigate waste, fraud and abuse within the Department of Labor (DOL); and to investigate violations of Section 805(b) of the Comprehensive Crime Control Act of 1984, Section 504 of the Employee Retirement Income Security Act (ERISA), and Section 601 of the Labor Management Reporting and Disclosure Act (LMRDA), statutes which DOL is statutorily empowered to investigate. All other labor racketeering violations identified by DOL's Inspector General's Office should be referred to the appropriate criminal investigative agency. The DOL should continue to provide to investigations their expertise developed over years of administering various DOL programs where appropriate and applicable.

*Question.* Currently, unlike other Federal law enforcement Agents, Agents of the Labor Department's Organized Crime Section do not have statutory law enforcement authority i.e., the authority to make arrests and to carry a gun. They receive this authority only on a case-by-case deputation basis, from the Justice Department. Do you know of instances where this lack of authority has delayed or impeded their ability to effectively investigate organized crime cases?

Answer. Kansas City is not aware of any investigation in which the lack of any statutory law enforcement authority has impeded or delayed the effective investigation of any organized crime cases.

*Question.* Do you believe that Agents of the Labor Department Inspector General's Organized Crime Section should have statutory law enforcement authority? Why or why not?

Answer. No. The labor racketeering problem is substantial. However, the number of important organized crime influenced labor racketeers in a city is finite and usually readily identifiable by law enforcement. Past experience has demonstrated extraordinarily dysfunctional results caused by uncoordinated multiagency pursuit of the same subjects. In fact, some of the best organized crime sources of the FBI have been lost unnecessarily due to uncoordinated investigations.

The FBI's "Organized Crime National Strategy," which has proven so successful against the La Cosa Nostra (LCN), mandates use of the RICO Statute in concert

with Title III and undercover techniques. Indeed, the experience of the FBI is that all three techniques are essential to success against the LCN. Furthermore, the LCN is the major force in labor racketeering. Although additional resources to law enforcement to combat crime would be a much needed and welcomed augmentation to the law enforcement effort, it is incumbent that such additional resources be structured and marshaled in a coordinated and sell-defined manner to avoid inefficient, ineffective and duplicative activity. To empower numerous agencies and departments with full law enforcement powers under the direction of individual semi-autonomous departments, without clear lines of jurisdiction and a clearinghouse entity to avoid duplication of effort would most assuredly be drafting a blueprint for inefficiency and conflict in future investigations.

Coordinating resource usage from independent agencies having concurrent jurisdiction was attempted under the Strike Force concept with less than favorable results. Political considerations as well as differing investigative strategies necessitated by the resource, intelligence gathering, and technical capabilities of each agency prevented coordinated efforts toward a common goal. No agency will unilaterally subjugate their personnel or responsibility to another agency leaving the alternative of management by committee for a particular investigative project. This has proven to be inefficient and ineffective in addressing a crime problem in a thorough and timely fashion.

*Question.* Did your Division use any state or local law enforcement agencies in its LCN investigations? If so, what agencies cooperated in these investigations, and what was the level of that cooperation? If not, why not?

Answer. The Kansas City FBI Division has effectively utilized the coordinated efforts of local law enforcement agencies to identify, investigate and prosecute those elements of the LCN involved in criminal activity. Due to the Kansas City LCN's involvement in and impact on both local and national criminal activities, the Kansas City Police Department was largely responsible for assisting in the investigation of those matters directly identifiable with the Kansas City metropolitan area. The Kansas City Police Department was a participant in the task force which consisted of the FBI and Internal Revenue Service.

*Question.* Does your Division use the Task Force concept? If so, with whom, and what are the parameters of the Task Force?

Answer. The Kansas City FBI Division has effectively utilized the coordinated efforts of both Federal and local law enforcement agencies to identify, investigate and prosecute those elements of the LCN involved in criminal activity. Task Force participants include the Internal Revenue Service, the Kansas City, Missouri Police Department and the FBI. Due to the Kansas City LCN's involvement in the impact on both local and national criminal activities, the Kansas City Police Department has been largely responsible for assisting in the investigation of those matters directly identifiable with the Kansas City metropolitan area while the national aspects of the investigation are handled by the Internal Revenue Service and FBI.

*Question.* What is your Division's LCN family's involvement in drug trafficking, if any, and to what degree are they involved in the distribution of narcotics in your area?

Answer. Our intelligence indicates that drug trafficking is not a criminal activity that is officially sanctioned by the Kansas City LCN Family. However, LCN members have been identified in individual acts of drug trafficking. We do not believe that these independent acts of drug trafficking by LCN members are highly significant in light of the overall drug problem. We are interested in pursuing these types of investigations in furtherance of our Organized Crime National Strategy.

*Question.* What other industries and illegal activities are controlled or influenced by the Kansas City LCN family, and how does that control or influence affect the citizenry?

Answer. While the influence exerted by the Kansas City LCN has significantly diminished in Las Vegas enterprises, there has been an emerging influence in the construction industry. This influence includes bribery, bid rigging, political corruption, kickbacks and infiltration of legitimate business. In addition to these nationally impacting cases, the Kansas City LCN continues to derive its vitality and its principal source of revenue primarily from illegal gambling, pornography and prostitution.

Aside from its obvious impact on interstate commerce and a ripple effect on virtually every aspect of the community, Kansas City has a tradition of violence, intimidation, and destruction of property within the community attributed to the LCN.

*Question.* What investigative techniques were used in your Division's investigations into the LCN, and which of those techniques proved most successful?

Answer. During the course of the Kansas City Division's investigation of the LCN, a number of investigative techniques have been employed. These include electronic and physical surveillance, witness interviews and the use of informants. Informants and cooperating witnesses have proven to be invaluable in the investigation of the LCN, particularly since the information supplied is frequently necessary to develop sufficient probable cause to support the Title III affidavit.

*Question.* Is your Division fully committed to the Enterprise Theory of Investigation and the use of the RICO Statute.

Answer. The Kansas City Division is fully committed to the Enterprise Theory of Investigation and the use of the RICO Statute. This is especially true in regard to those investigations involving significant criminal groups and/or any enterprise whose criminal activities have a major impact on society.

*Question.* Does this commitment to the Enterprise Theory of Investigation include the use of the civil components of the RICO Statute.

Answer. The civil sanctions of the RICO Statute are integral and indispensable elements of the FBI's Enterprise Theory of Investigation. The utility of the civil aspects of the RICO Statute cannot be overstated. The foremost objective of the LCN and other organized criminal groups is to generate revenue through illicit activities. This revenue is generated through a number of criminal activities, to include the infiltration of legitimate business and labor racketeering which frequently involves influence over or control of institutionalized entities such as unions. The FBI has determined that the conviction of prominent or influential organized crime group members, including bosses, does not necessarily create a void within the group. The civil RICO sanctions force organized crime figures out of union office and legitimate business, bar association between members of the organized crime group and the labor union or legitimate business and make possible the seizure of assets acquired by organized crime through criminal activity. Such action, coupled with the criminal convictions, can substantially disrupt or eliminate organized crime groups.

*Question.* Does the LCN family in your Division use any non-traditional or emerging organized crime groups in the conduct of its illegal enterprises or activities?

Answer. Investigation has determined that the Kansas City LCN has interacted with the Cuban Marielitos, primarily in regard to drug activity. The extent has been to allow the Cubans to use LCN-owned property to conduct drug business whereupon the LCN receives a portion of the ill-gained profits.

*Question.* What influence does the LCN have in the labor unions in your area? Has your Division's organized crime successes had any effect on the LCN's influence on those labor unions?

Answer. The Kansas City LCN was most prevalent nationally in the financial affairs of the Teamsters Union. As a result of the prosecution and removal of Roy Lee Williams as President of the Teamsters Union, the Kansas City LCN has lost its conduit and grasp upon the coffers of the Teamsters. Without access to the Teamsters through Williams, the LCN in Kansas City no longer has the influence or impact upon the Teamsters' fiscal policies and/or investments. This is subject to change, however, since the August 1987 death of John Couts, President of Teamsters Local 41. The opportunity now exists for the LCN to exert influence in forthcoming elections and thus regain control of the Local. The Kansas City LCN has exhibited an emerging influence in the construction industry particularly because their influence has been diminished in the Las Vegas enterprises as a result of the "Strawman" investigation and prosecution. Influence in the construction industry has surfaced in the form of bribery, bid-rigging, political corruption and the infiltration of legitimate business.

*Question.* What other investigative tools or Federal statutes are needed to aid law enforcement in its investigation of organized crime groups in your area of the country?

Answer. Stricter labor racketeering laws are required which would provide the impetus for construction businesses to resist paying inflated union fees or "kickbacks" to currupt union officials as a cost of doing business. Laws are needed to prohibit the corrupt receipt of things of value when paid by any person in return for another's "sale" of union membership, the use of union-sponsored work placement or the use of labor union property generally. Existing laws under Title 18, U.S. Code, Section 1954 and Title 29, U.S. Code, Section 186 need to be broadened to cover attempts to give or accept corrupt payments to influence the operation of employee benefit plans and labor organizations, to proscribe corrupt payments to persons exercising de facto influence or control over these organizations and to increase the penalty for bribery under Section 1954.

Also needed are provisions which would permit the Internal Revenue Service to disclose certain financial information to the FBI regarding subjects of FBI investiga-

tions. Such information would serve to enhance the understanding of the financial aspects of particular criminal enterprises.

*Question.* Can you identify any emerging or non-traditional organized crime groups that will be able to challenge—or fill a void left by—the LCN family in your Division?

Answer. There are no emerging or non-traditional organized crime groups that have demonstrated any ability to challenge or fill any void left by the prosecution and incarceration of the LCN in the Kansas City Division.

*Question.* In what other cities does the Kansas City Family of the LCN conduct its criminal activities, and what is the extent of these criminal activities?

Answer. Historically, the Kansas City LCN has had criminal relationships with the Milwaukee, Chicago and Cleveland factions of the LCN; however, since the convictions and incarceration of the defendants of the Strawman-Argent case on January 19, 1986, new associations have developed and given rise to more diversified criminal endeavors. Specifically, the Kansas City LCN has been engaged in criminal activities in Florida, California, Colorado and Washington, D.C. These activities include infiltration of the construction industry, extortion, kickbacks, bribery and bankruptcy schemes.

*Question.* In the Bureau's briefing to the Permanent Subcommittee on Investigations staff, it was stated that the Kansas City LCN influence was most prevalent, nationally, in the financial affairs of the Teamsters Union. How is this influence exercised? And, what is the extent of the influence exercised?

Answer. Since the prosecution and removal of Roy Lee Williams as president of the Teamsters Union, Kansas City's LCN lost its conduit and grasp upon the coffers of the Teamsters. Without access to the Teamsters through Williams, Kansas City's LCN no longer has influence or impact upon fiscal policies and investments of the Teamsters.

*Question.* According to the Kansas City Office of the FBI, the Kansas City LCN Family has a hidden interest in several hotels in Las Vegas. Does the Kansas City LCN Family share this hidden interest with other LCN families? If so, what other LCN families receive benefits from these hotels?

Answer. Historically, the Kansas City LCN shared a financial common interest in various Las Vegas hotels/casinos with LCN families in Milwaukee, Chicago and Cleveland; however, there is no evidence today to indicate the Kansas City LCN still has either income from or influence in Las Vegas operations.

*Question.* Can you tell this Subcommittee through what illegal operations does the LCN receive benefits from these hotels?

Answer. The prosecutions in the Tropicana and Argent trials revealed "skimming" income from gambling operations was being derived by LCN families from Las Vegas hotels; however, since that influence no longer exists, that benefit has terminated.

*Question.* Specifically, what amounts are involved? Has anyone ever testified to the details of the buy-back clause? If so who?

Answer. At the Argent trial, Allen R. Glick, owner of the Argent Corporation, testified that he sold those casinos for $70 million and that neither the Balistrieri brothers nor the LCN derived any profit from the sale of these casinos.

*Question.* What is the estimated monetary loss to Nevada taxpayers due to this hidden interest?

Answer. The hidden interest of the Kansas City, Chicago, Cleveland and Milwaukee LCN Families allowed them to skim millions of dollars from the hotels/casinos in Las Vegas during the period of approximately 1976 through 1984; however, there is no way to accurately assess the monetary loss in revenue to the State of Nevada and the benefit for its taxpayers.

*Question.* What was Milton Rockman's connection with Kansas City, Las Vegas, Chicago, Milwaukee, Cleveland and New York?

Answer. Milton Rockman was identified as the conduit and major liaison between Kansas City, Chicago, Milwaukee, Cleveland and New York LCN families. Testimony in the Argent trial accurately reflected Rockman's responsibilities with regard to the distribution of skimming proceeds from Las Vegas casinos. It was through the coordination of Rockman that each of the LCN representatives from the aforementioned cities was provided a "share" of these proceeds.

It was Rockman's initiative which allowed Kansas City to secure the election of Roy Lee Williams to the Presidency of the Teamsters. Rockman was responsible for an approach to members of the LCN family in New York that allowed the endorsement and, therefore, guaranteed election without major opposition for Williams. In exchange for the election of Williams, Kansas City LCN, in essence, agreed that

through Williams' control of the union, funds would be directed toward investments of the LCN in Las Vegas hotels and casinos.

*Question.* Since the natural death of Nick Civella and the conviction of Carl Deluna, what is the state of the Kansas City LCN?

Answer. Since the death of Nick Civella in 1984 and the conviction of Carl "Cork" Civella and Carl "Tuffy" Deluna, the Kansas City LCN was left without leadership for a period of approximately one year following the culmination of the Strawman-Argent trial on January 19, 1986. Internal struggle and identification of leadership within the LCN ensued until a definitive power structure has been identified. Currently there is a new boss and two underbosses. As a result of this emerging structure, the Kansas City LCN is again developing an aggressive and active role in criminal activities.

*Question.* How have the convictions of Carl Deluna, Joseph "Joey" Aiuppa of Chicago, John Cerone of Chicago, Milton Rockman of Cleveland, Frank Balistrieri of Milwaukee, and others, affected LCN control and influence in the Las Vegas hotel industry and in the Teamsters Union? Has this influence decreased? If not, why not?

Answer. The hidden interest of the Kansas City, Chicago, Cleveland and Milwaukee LCN Families in Las Vegas hotel/casinos was eliminated by the Tropicana/Argent prosecutions.

*Question.* In the Kansas City Division of the FBI, what was the monetary cost of that Division's effort against LCN?

Answer. In terms of Agent manpower, investigative resources and trial expenses, the monetary cost was hundreds of thousands of dollars. We do not have an exact figure. It is difficult to put a price tag on a case of this magnitude.

*Question.* The FBI has done fine work against La Cosa Nostra (LCN). The obvious question now is what is next? That is, who is filling the LCN void, and what are we doing about it?

Answer. The void that was created as a result of the successful prosecution of the leadership of the Kansas City LCN family will be filled from within the ranks of the LCN. Younger LCN members who have been raised in the tradition of the LCN are now asserting themselves and taking on leadership roles. Through the use of fear and intimidation they are restructuring the organization in the form that preceded the recent prosecution. They have effectively prevented any other criminal organization from achieving any significant degree of control over organized criminal activity in the Kansas City area. The FBI will address this problem as it has successfully done in the past. That is, through an effective intelligence base; the use of sophisticated investigative techniques such as electronic surveillance and cooperating witnesses; and implementation of the Enterprise Theory of Investigation. We will coordinate our investigations with the appropriate Federal, state, and local law enforcement agencies whenever practical. We will sustain this initiative until we have fulfilled our goals.

*Question.* In our 1984 Subcommittee Report on the *Status of Organized Crime in the Mid-Atlantic Region,* we concluded on page 67 of the Report that: ". . . emerging crime groups such as outlaw motorcycle gangs should be investigated fully by law enforcement and immobilized before they become entrenched." Do you agree with that assessment of the Subcommittee's? If so, what is your office doing about them? Specifically, how many cases have you brought, and what resources have you allocated to them? Where do you take such investigations for prosecution? U.S. Attorney? Strike Force?

Answer. The mission of the FBI's Organized Crime National Strategy is the elimination of the LCN and other organized crime groups as significant threats to American society. Should a non-LCN group be identified as sufficiently significant to warrant FBI investigation, it will be investigated using the same strategy as that employed to investigate the LCN. The Kansas City Division has experienced a rise in the organized illegal activities of two groups identified as Jamaican gangs and two Los Angeles street gangs, the Bloods and Crips. Both of these organizations have targeted Kansas City for the distribution of drugs and have posewd a significant threat to the stability of the community. Investigations directed at the illegal activities of each of these organizations have resulted in sucessful prosecutions in Federal District Court, Western District of Missouri. These prosecutions were handled by the U.S. Attorney's Office.

*Question.* In the same Report, our Subcommittee criticized the Department of Justice and the Organized Crime Strike Forces for focusing their attention almost exclusively on the LCN. We stated on page 67 of the Report: "For too long, the Strike Forces have addressed the subject of organized crime as if the problem were one limited almost exclusively to the LCN. The LCN is an important factor in organized

crime, but it is not all there is to the problem." Do you agree with this 1984 assessment of the Subcommittee? Has it changed based upon your own experiences with your local Strike Force's and U.S. Attorney's offices?

Answer. The LCN has historically been the focus of criminal investigations and prosecutions within the Organized Crime Strike Force office. It is felt to deviate from this course would effectively dilute the initial impetus for the Strike Force. For the most part, the Strike Force operates with limited resources. Within the Kansas City Division, they are totally consumed with investigations developed by the FBI. To deviate from this set course of action would detract significantly from the continued successful pattern established. However, the organized crime problem in the 80's is by no means limited to the LCN. Other significant groups from varied geographic, ethnic and racial backgrounds are involved in illegal and organized criminal activities. The FBI is committed to pursuing the investigation of these non-traditional groups utilizing the same strategy as that employed to investigate the LCN.

*Question.* In our 1984 hearings on the status of organized crime in the Great Lakes region, the Subcommittee conducted a confidential survey of 30 past and present strike force attorneys and investigators. Twenty-six of the 30 respondents said they had firsthand, direct knowledge of instances in which they had gathered sufficient evidence to demonstrate a major organized criminal activity that was not part of or associated with an LCN family. But in each instance, their requests for Strike Force assistance were denied because there was no LCN involvement. (Page 13 of the Hearings, and page 3 of the Report.)

Are such observations accurate, based upon your office's experience? In such a case, what does your office do with the investigation? Do you have problems taking it to a U.S. Attorney's office after it was rejected by the Strike Force? What should be done about this?

Answer. Based upon the investigative experiences of the Kansas City Office of the FBI, there have been no such instances in which there has been a denial of either investigative or prosecutive action regarding any major organized criminal activities within this division. As cited above, the only three non-LCN organized crime groups have been identified as the Jamaicans from Florida and the Bloods and Crips gangs from Los Angeles. In each instance, the investigations were conducted and handled effectively and efficiently by the United States Attorney's Office.

### Organized Crime Strategy

*Question.* In our Report on the *Status of Organized Crime in the Great Lakes Region*, we noted that there appeared to be no agreement within the Organized Crime and Racketeering Section of the Justice Department, which supervises the Strike Forces, as to what constituted organized crime. Do you agree with this assessment? How does your office define organized crime for prioritizing investigations? Do your priorities agree with the Strike Force's? U.S. Attorney's? If not, where do they differ? What do you do when they differ?

Answer. Kansas City does not concur in the assessment that the Organized Crime and Labor Racketeering Section of the Department of Justice "appears" to lack an agreement as to the definition and structure of organized crime. It has been the observation of this division that the Organized Crime Strike Force functions with definitive purpose and direction at the field level as exhibited by the successful investigations and prosecutions conducted in concert between the FBI and Strike Force in Kansas City.

Kansas City prioritizes its investigations concerning organized crime in strict compliance with the mission of the FBI's Organized Crime National Strategy. Specifically, Kansas City is presently directing its investigative effort toward the LCN's illegal activities utilizing the Enterprise Theory of Investigation. Targeting the various and independent activities of the LCN has demonstrated the cohesive criminal enterprise which binds these elements together. The identification and function of this enterprise is based upon informant information, criminal intelligence data from other law enforcement agencies, Title III coverage, and analysis of the overt investigation of known illegal activities associated with the LCN. These priorities are in direct concert with both the United States Attorney's Office, Western District of Missouri, as well as the Strike Force. To date, there have been no significant differences of opinion as to prioritization or identification of targets and prosecution of cases in what appears to be a viable and effective working relationship.

*Question.* On the first day of the hearings, the General Accounting Office (GAO) recommended to the Subcommittee that our organized crime efforts need to be based upon "careful strategic planning" that establishes clear objectives, assigns re-

sponsibilities, and allocates our finite law enforcement efforts. Do you agree with such an analysis, and if you do, who do you recommend should establish such a well thought out plan for all Federal law enforcement agencies involved in the fight against organized crime?

Answer. Unprecedented investigative and prosecutive successes against the LCN and other significant organized crime groups have provided the FBI with the opportunity to implement a strategy which will enhance investigative efforts nationwide. By utilizing the Enterprise Theory of Investigation, expanding the FBI's national intelligence base and developing a multidivisional approach to coordinate and sustain investigations, the FBI can address the organized crime problems threatening American society. This strategy and approach has been presented in detail to representatives of the Organized Crime and Racketeering Section, Department of Justice.

*Question.* GAO recommended that the current Strike Force planning vehicle, the National Organized Crime Planning Council (NOCPC), be expanded and intensified to accomplish this goal. NOCPC was established in response to prior criticism by this Subcommittee that the Justice Department's organized crime program lacked ". . . formal standards to measure effectiveness, lacked a national strategy and definition of organized crime." Although NOCPC is supposed to annually visit every Strike Force and discuss local problems with the various law enforcement agencies, it is our understanding they rarely do so. Do you get any guidance from NOCPC? When was the last NOCPC meeting in your town? I understand, for example, that there hasn't been a NOCPC in Cleveland for three or four years? What is the system in existence in your city to discuss and lay out local strategies and allocate resources between agencies? When was the last time you met? Who attended? Who chaired the meeting?

Answer. The Kansas City FBI most recently participated in a NOCPC conference held at Kansas City on May 4-5, 1988. The Chairman for this meeting was Richard J. Marien, Attorney in Charge of the Kansas City Strike Force. Also in attendance were David Margolis and Michael DeFeo, Department of Justice, Washington, D.C. At this meeting, each attending agency presented its perspectives and objectives regarding the strategies for future investigations and prosecutive efforts of the Strike Force. In each instance, these cases were discussed in general terms. All Federal agencies, as well as representatives from state and local law enforcement attended the conference.

Continued liaison is maintained on a regular basis between investigative agencies on all levels of government (i.e., Federal, state, local) wherein investigative concerns and priorities are discussed. In addition, Kansas City maintains an excellent working relationship with the Organized Crime Strike Force and the representatives of the various agencies. These efforts have resulted in a mutual awareness and a sharing of information to better facilitate investigative priorities. Although there are no formal organizations or meetings, the liaison maintained between agencies functions as a means of communication and coordination of investigative efforts.

*Question.* As you know, on January 2, 1988, Attorney General Meese signed an "Order Directing New and Expanded Initiatives in the Federal Organized Crime Effort." As I read the order, it really addresses only the division of authority between the United States Attorney and the Justice Department's Organized Crime Strike Forces. As I understand it, prior to this order, the Strike Forces, under the direction of the Strike Force Chief in Washington, exercised control of their investigations, while keeping the U.S. Attorney advised of their activities in order to avoid possible conflicts. By contrast, this new order apparently gives the United States Attorney principal control of Strike Force investigations and prosecutions. The order even names the U.S. Attorney, as opposed to Strike Force superiors in Washington, as the "rating official" for the performance rating of the local Strike Force chief. Now, the FBI has obviously worked organized crime cases with both the Strike Forces and the U.S. Attorney's Offices. Do you feel this order was necessary and, if so, why? What is its impact in your city?

Answer. It is the experience of the Kansas City FBI that regardless of the specific evaluations by either the United States Attorney's Office or the Department of Justice, Organized Crime Strike Force, there has been little noted or significant variation in performance and work product produced by the Kansas City Strike Force. Simply stated, Kansas City has participated in a unified and consistent approach with regard to the investigation and prosecution of organized crime and has not been impeded in any manner by either the United States Attorney's Office or the Strike Force. The Kansas City Strike Force has continued to operate without undue influence from any outside interest. Prosecutively, the Kansas City Strike Force has performed in an exemplary manner and it is anticipated it will continue to do so regardless of the rating official.

The immediate impact of the Attorney General's order has not produced any noted significant operational or procedural policy changes which in any manner negatively impact the investigations(s) of organized crime. Kansas City does not foresee any such negative impact in the immediate future.

*Question.* What is the current procedure for coordinating labor cases with the Strike Force and Labor Department? How can we be assured those problems won't occur again?

Answer. The Kansas City FBI continues to maintain an open and frank relationship with both the Strike Force and the Labor Department.

The Strike Force is made aware of all investigations at the earliest practical moment for preliminary prosecutive opinion(s).

The fundamental procedure for ensuring adequate disclosure and exchange of data of mutual investigative interest is accomplished through routine discussion and candor. Through the coordinated efforts of the Strike Force, an avenue for continued communication is significantly enhanced.

*Question.* Angelo Lonardo testified that the Cleveland family obtained an FBI informants list from the Cleveland FBI Office. How did that occur and was anyone prosecuted for that?

Answer. Over an extended period of time, an FBI employee's assistance was enlisted by a LCN associate to provide the associate with certain documents regarding Cleveland Organized Crime Investigations. A thorough investigation was conducted of this incident. The persons responsible were prosecuted, convicted, and incarcerated. Administrative controls and procedures were revised to avoid a recurrence.

*Question.* You stated that the "Strawman-Argent" cases, which concluded in 1986, destroyed the rank-and-file of the Kansas City family. Yet, you also told us that, not only have LCN activities continued unabated in Kansas City, but that the "Outfit" is expanding into new businesses. It appears that these major criminal prosecutions have had little impact upon the LCN in Kansas City. Why is that the case? How have they been able to restructure their organization so quickly without suffering a decline in effectiveness?

Judge Sessions explained that the primary advantage of the enterprise theory of investigation, which the FBI has used successfully in recent organized crime cases including the Strawman-Argent cases, is that it enables law enforcement to build a case against an entire criminal organization, rather than just its leadership. Apparently, this has not worked as well in Kansas City as it has elsewhere. What are the reasons for that?

Have your investigations in Kansas City revealed any problems with the use of the enterprise theory in these cases? If so, what are they and do you have any suggestions for ways in which these problems can be overcome?

Answer. To the contrary, the utilization of the enterprise theory of investigation has proved to be expremely successful in creating disarray within the LCN family at Kansas City. A number of high-ranking figures and soldiers were incarcerated as a result of the convictions obtained in the Strawman-Argent investigation. The Kansas City Outfit, as with other LCN enterprises, has a substantial network of associates and other members who conveniently "fill the void" created by the prosecution of their superiors and who carry out the criminal activity, frequently at the direction of the incarcerated bosses. This does not imply that the enterprise theory of investigation if not effective. Additionally, the LCN universally is constantly seeking new avenues through which to profit. The Kansas City LCN Family is no different in this regard.

*Question.* The electronic surveillance conducted in the "Strawman" investigation gave rise to the Pendorf investigation which, in turn, triggered the Argent case; all of which resulted in successful organized crime prosecutions. This is an excellent example of what can be accomplished through a coordination of information and efforts. Using these cases as examples, can you explain how the FBI coordinates information in organized crime cases nationwide.

Answer. The FBI's Organized Crime Section is responsible for coordinating all organized crime matters. On a day-to-day basis, the case Agent is the field office with guidance from his squad supervisor is responsible for disseminating information and setting forth leads based upon the investigation which the Agent is conducting. This information is then used by auxiliary FBI field offices to "spin-off" into other related investigations. One of the ways that this process is accomplished is through use of the FBI's Organized Crime Information System (OCIS). OCIS is a computerized information retrieval system designed for the rapid retrieval, collation, and analysis of up-to-date information gathered in the FBI's organized crime investigations throughout the country. Conferences between FBIHQ and field offices are held whenever necessary to insure that information developed from ongoing investiga-

tions is used to its maximum effect in developing quality high impact "spin-off" investigations.

*Question.* Does this network make this information available to other Federal, state and local law enforcement agencies?

Answer. Information gathered by the FBI relative to organized crime matters is shared extensively with other Federal, state and local law enforcement agencies. One of the primary methods whereby this information is shared is through the task force concept. Virtually, every FBI field office where a strong LCN presence is felt (even if an LCN family is not headquartered there) is involved in joint investigations with othe Federal, state or local law enforcement agenices, or with a task force. In every one of these situations, the participating law enforcement agency has access to the FBI's most recent organized crime information.

*Question.* Is it true that in 1979 the boss of the Kansas City family continued to run the Outfit from his prison cell in Leavenworth? If so, how did he accomplish this?

Answer. Kansas City acknowledges that in 1979 then boss, Nick Civella, continued to participate in the operation of the "outfit business" from his prison cell in the United States Penitentiary, Leavenworth, Kansas. Nick Civella was kept abreast of the functions and operations on the LCN, Kansas City; however, as incarceration continued, his dominance and control disminshed. Civella's influence was gradually reduced to a point of mere advisor and did not affort day-to-day direction to the Kansas City LCN.

Due to the proximity of the United States Penitentiary, Leavenworth, Kansas, to Kansas City, Nick Civella was permitted to have visitors on a routine basis. These visitors became couriers for information to and from Kansas City, and the nearby confinement allowed routine telephone conversations from the penitentiary to associates in Kansas City.

*Question.* Is this practice still a problem today? If so, do you have any suggestions as to how it can be eliminated?

Answer. Communication between inmate and outside associate(s) continues to provide some problem insofar as the incarcerated individuals are not held in a totally sterile environment so as to prevent routine communication. These communications are frequently transmitted through family members and past business associates and provide a conduit to the "outside world." The Government cannot, without just cause, infringe on the rights of confined individuals. When ranking LCN members are incarcerated the FBI recommends to the Bureau of Prisons that they be housed in a facility distant from their prior criminal activities and associates.

*Question.* It is true that leverage which the LCN utilized to maintain the "skimming" of gambling revenue from certain Las Vegas casinos was illegal "buy out contracts." If so, what were the purported "buy out" terms and which LCN family held these contracts?

Anwser. There were two documented instances of skimming from Las Vegas casinos during the "Strawman" series of investigations. In the Tropicana case, the infiltration of the casino—which allowed the skimming to occur—was a very subtle change brought about by Joseph Agosto, who successfully purchased the Folies Bergere Extravaganza at the Tropicana. Agosto's relationship with the operators and certain key employees at the Tropicana allowed him to direct the skimming of cash from the casino without the specific knowledge of the owners. The Tropicana Hotel and Casino did not have a loan from any Teamsters' affiliated pension fund.

Allen R. Glick, the owner of the Argent Corporation, testified that he obtained the loans from the Central States Pension Fund to buy the Argent casinos through Frank Balistrieri, boss of the Milwaukee LCN family, and that he gave Balistrieri and Balistrieri's two sons an option to purchase a 50 percent share of the casinos (for $25,000) in exchange for Balistrieri's influence with the Pension Fund's trustee. Glick was personally confronted by the Kansas City LCN Boss Nick Civella and told that the Kansas City LCN family shared in the Balistrieri's sons option and that he definitely had "partners" in the casinos. The skimming was controlled by the Chicago representative in Las Vegas. Glick learned that even when he terminated that employee from the Argent Corporation's payroll he continued his control over the skimming of money from the casinos.

*Question.* Describe the relationship between the Outfit and other non-LCN organized crime groups in the Kansas City area. What types of businesses has the Outfit gotten involved in because of its relationship with those other groups?

Answer. The LCN, Kansas City, has not demonstrated any significant relationship between itself and any other non-LCN organized crime groups.

*Question.* It was reported that the primary criminal enterprise of the Kansas City LCN family is gambling and that it has increased during the past ten years. What types of gambling operations are run in Kansas City by the LCN?

Street crimes, like gambling, are most often prosecuted on the state and local levels. Do state and local law enforcement agencies have sufficient resources to effectively handle this problem or should these cases be afforded a higher priority by Federal law enforcement authorities?

Answer. The LCN, Kansas City, has continued to rely heavily upon sports bookmaking as one of its basic means of revenue.

For the most part, state and local law enforcement have been powerless against gambling since local judicial sanctions have been without significant impact. In view of this fact, gambling has gone unabated and has intensified in scope and volume of business. Local law enforcement has actively solicited the assistance of the FBI to produce a coordinated effort against gambling. Specifically, gambling in and of itself produces tremendous revenues, but it also provides a seedbed for hostility. Since September 1987, there has been one murder and one attempted murder by bombing as a result of "free-lance" gambling activities which attempted to operate without LCN sanction. The LCN's response was swift and posed as a dynamic lesson to those who were not willing to "play" the LCN way. The statutes of the State of Missouri do not provide any means for electronic surveillance, which is frequently the only investigative tool to effectively identify and obtain evidence in such illegal activities where witnesses are reluctant to cooperate for fear of personal safety.

*Question.* Another primary criminal enterprise of the Kansas City family which the FBI reported increased during the past decade is its involvement in the entertainment industry. What is the nature of the Outfit's involvement in the entertainment industry? What kinds of criminal activities are being carried out?

Answer. The Kansas City LCN has recently attempted to gain inroads into the theatrical booking agencies of the entertainment industry. Since this is an on-going investigation, further comment could seriously impair or disrupt the investigative objectives of this case.

*Question.* You described an attempted bombing of a Teamsters' official's car which occurred within the past year as an example of the LCN's continued efforts to regain control of the Teamsters Kansas City local. Do you think the Teamsters' should be placed under trusteeship to purge organized crime's control of the union and return it to its members?

Answer. It is the opinion of the Kansas City FBI that organized crime's control of the leadership of the International Brotherhood of Teamsters (IBT) should definitely be eradicated. It is believed that this can be accomplished through Kansas City's participation in the FBI's civil RICO investigation which is attempting to return control of the union to its legitimate members. Through utilization of this Civil Rico action, one of the primary remedies sought would be directed toward permanent injunctive relief barring those individuals identified as having LCN membership or association from any participation in union operation and activities.

*Question.* Does the evidence of the Outfit's increased involvement in drug trafficking link the LCN with any emerging criminal groups? If so, what are the groups involved and describe the nature of their relationship with the LCN? Is this alliance between the LCN and emerging criminal groups in Kansas City limited to drug trafficking or does it extend to other activities? If so, what other activities are involved?

Answer. In Kansas City we have not identified any links between the LCN and any drug-traffficking organizations or any other emerging criminal groups. Our intelligence indicates that drug trafficking is not a criminal activity that is officially sanctioned by the LCN. This is not to say however that members of the LCN are not engaged in individual acts of drug trafficking. The FBI is extremely interested in investigating any such activities and bringing them to a successful prosecution. We will also monitor our intelligence base closely in order to identify any links that may develop between the LCN and any drug-trafficking organization or emerging criminal group. We will also closely monitor and investigate any drug-trafficking activity by the LCN.

## Responses to Written Questions from the New York Division

*Question.* Have all the successful prosecutions in New York City had any real impact on the LCN?

Answer. The numerous successful prosecutions in all five New York LCN families have had a measurable impact on the LCN, particularly with respect to the top leadership.

The "Commission Case" virtually removed the existing hierarchy of three of the families; Colombo, Luchese, and Genovese, and separate prosecutions eliminated the leadership of the Bonanno Family.

With regard to the Gambino Family, the indictment and subsequent trial of Boss Paul Castellano brought to light embarrassing conversations between Castellano and other LCN members from FBI Title III interceptions. As a result, Castellano neglected important family matters by becoming preoccupied with the trial. This led to his demise and that of Thomas Bilotti at the hands of the current Gambino Family leadership. In retaliation, Frank De Cicco, Gotti's right hand man and heir apparent to the Consigliere position, was blown up by a bomb planted in his car. Further, the indictment of long-time Gambino Consigliere Joe N. Gallo, caused Gallo to retire from that position.

In the other four families and, to some degree, in the Gambino family, young, inexperienced street guys have been brought in as members, and the top leadership and many capo positions are held by "acting" members, who have little of the expertise or wisdom in "family matters" to handle the illegal activities of these groups.

This resulted in a breakdown in discipline, internecine warfare, and a return to the more familiar forms of activity such as gambling, loansharking, and extortion. This has led to the development of more sources, and in many ways, less complex prosecution, since the new hierarchy has not yet developed an expertise in the conduct of illegal activity and the evasion of detection.

*Question.* Will Civil RICO lawsuits, targeted against the LCN, result in a diminution of the LCN's influence?

Answer. The purpose of civil litigation under the provisions of the RICO Statute in an organized crime investigation is to seek injunctive relief prohibiting the recurring crime problem. The civil RICO actions filed against the LCN to date are structured to remove the LCN influence from specific labor entities thus removing the LCN's lucrative control of certain industries. The LCN control or influence over Teamster Locals 560 and 814, as well as Laborers Local 6a and the District Council of Cement and Concrete Workers in New York, has continued unabated in spite of successful Federal prosecution against LCN members for labor racketeering. This new strategy of seeking injunctive relief will allow law enforcement through civil and criminal contempt of court provisions to ensure that the LCN does not continue to manipulate these labor entities.

*Question.* How are the LCN families reacting to the recent convictions of their hierarchies? Are they in disarray, and if so, how have these convictions affected the way they do business?

Answer. The convictions of various LCN hierarchies have caused disarray within the affected LCN families. Acting bosses have been named to replace the incarcerated bosses, but tend to be younger and without lines of communication to other LCN families. This necessary familiarity is usually gained through years of experience. Meetings and discussions to further family businesses have generally excluded non-LCN members for the security of LCN members.

New meeting places are being sought and a general atmosphere of caution appears to be prevalent.

*Question.* What are the principal sources of income to the LCN families operating in New York City?

Answer. The LCN families in New York gain income from a myriad of criminal activities and are principally involved in gambling, loansharking, and labor racketeering. Organizationally, gambling is the principal source of income. Loansharking and labor racketeering are important and provide income for individual members

who are involved in these activities. As the Federal Government continues to remove LCN influence from the labor movement and its related industries, certain LCN members are engaging in narcotics trafficking to replace lost income.

*Question.* As to LCN influence in unions, how is organized crime able to establish such a firm grip on some unions? What, if anything, can be done to prevent this?

Answer. The LCN utilizes many techniques to gain a firm grip on unions to include murder, extortion, loansharking, degenerate gambling and property destruction. Investigations have also revealed many corrupt union officers willing to work with the LCN for their personal enrichment.

We believe that freeing the unions of LCN control, dominance and influence is a realistic goal. A review of the FBI's investigative efforts and successes over the past decade relative to the LCN reflects a positive evolvement of investigative techniques and effectiveness. As a result, today the FBI's current Organized Crime National Strategy has as its mission the elimination of the LCN and other organized crime groups as significant threats to American society through sustained coordinated investigations that support successful prosecutive action. Central to the accomplishment of this mission are well-developed, well-coordinated RICO investigations utilizing the Enterprise Theory of Investigation. We believe that our strategy provides for an imaginative, responsive and effective investigative approach directed against the LCN, and that with enhanced legislation, sufficient coordinated resources and sustained efforts to expand our national intelligence base, it is possible to remove the influence the LCN has with unions.

*Question.* If so, how are we going to accomplish that?

Answer. We believe that we can free the unions from the influence of the LCN and we believe we can accomplish that through the effective implementation of our Organized Crime National Strategy. Our Organized Crime National Strategy calls for coordinated investigations against LCN families utilizing the Enterprise Theory of Investigation. These investigations will be prosecuted under the RICO Statute and followed up when appropriate by the civil provisions of the RICO Statute.

*Question.* In the 1970s, the FBI conducted a massive investigation, called UNIRAC, of organized crime's influence in the waterfront industries and in the International Longshoremen's Association (ILA). Has organized crime influence declined in that area as a result? What follow-up has been done on that investigation in the New York area?

Answer. At the conclusion of the UNIRAC investigation, the FBI believed that it had dealt a crippling blow the LCN influence and control over the ILA and the shipping industry. In retrospect we now realize that although we had prosecuted and jailed large numbers of larbor racketeers, we have not destroyed their criminal infrastructure. We had not taken advantage of the criminal provisions of the RICO Statute which allow for prosecution of the criminal enterprise and the seizure of the assets of that enterprise, nor did we employ the resources of the civil provisions of the RICO statute. Therefore, the LCN has remained a dominant force in the ILA and the shipping industry.

Labor racketeering is the highest priority in the FBI's organized crime investigative program. The FBI has identified four major unions that are substantially corrupted by the LCN. The ILA is one of those unions and as such receives continuous and requisite investigative attention to labor racketeering violations identified.

*Question.* At the institution of a criminal investigation, does the FBI conduct a civil investigation concomitant to the criminal investigation, If so, how do the civil aspects hinder or bolster the criminal investigation?

Answer. Until recently, the civil provisions of the RICO Statute have been underutilized by the FBI. However, as part of the Comprehensive Crime Control Act of 1984, RICO's pre-trial restraint provisions were amended enabling the Government to obtain a restraining order from the court to prevent the dissipation, sale or transfer of property which the Government believes will become forfeitable upon conviction of the defendants. Presently at the institution of a RICO investigation, the FBI initiates the process of identifying property used to facilitate racketeering activity as well as the proceeds of racketeering activity. At the indictment stage this evidence is presented to the court in an effort to obtain a restraining order preventing the dissipation, sale or transfer of the property. This is all done in anticipation of the eventual forfeiture of the property to the Government upon conviction of the defendant.

At the institution of a criminal investigation the FBI does not conduct a concomitant civil investigation. This is primarily due to the fact that some criminal investigative tools and techniques, such as the Federal grand jury, are not available to the investigator in furtherance of a civil investigation. Also, some civil investigative techniques, such as depositions, are not available to the investigator in furtherance

of a criminal investigation. In civil investigations that have been successfully litigated by the Government, such as *United Staes versus Local 6a, Et Al, United States versus Local 560 Et Al,* and *United States versus Local 814 Et Al,* the decision to proceed with the civil case was made at the conclusion of the criminal investigation.

*Question.* Upon the successful conclusion of a civil RICO lawsuit aimed at the LCN what agency is empowered to enforce the court order and how can the court order be enforced?

Answer. The authority to conduct an investigation for the purpose of monitoring compliance with a court order entered in a civil RICO proceeding is derived from the RICO Statute itself (Title 18, U.S.C., Sections 1961–1968). Specifically, Section 1961(8) defines "racketeering investigation" as ". . . any inquiry conducted by any racketeering investigator for the purpose of ascertaining whether any person has been involved in any violation of this chapter or of any final order, judgment or decree of any court of the United States, duly entered in any case or proceeding arising under this chapter."

Based upon this definition, a racketeering investigation is authorized in two instances. First, it may be conducted to determine whether a violation of RICO's substantive provisions, Section 1962(a-d), has occurred. Once a Section 1962 violation has been established the Government may elect to seek criminal penalties pursuant to Section 1963, pursue civil remedies under Section 1964, or both.

Second, a racketeering investigation may be conducted to determine whether any person has violated any final order, judgment or decree entered by a court in any RICO proceeding. Within the context of civil RICO, Section 1964 confers upon the District Courts of the United States broad equitable powers to prevent and restrain violations of Section 1962. This statutory grant of equitable jurisdiction authorizes the District Courts to issue orders which include, but are not limited to, ordering divestiture of a person's interest in an enterprise, imposing restrictions on future activities of any person and ordering dissolution or reorganization of any enterprise [Section 1964(a)]. These are clearly the types of orders contemplated by the definition of racketeering investigation, *i.e.* "final order[s], judgment[s], or decree[s] duly entered in any case or proceeding arising under" RICO.

Based on the foregoing, it should be noted that although the U.S. Marshals Service has primary responsibility for the enforcement of all court orders, the FBI has statutory authority to investigate for the purpose of determining compliance with civil RICO court orders. The authority to conduct such investigations, however, is not limited to the FBI, but may be exercised by any "racketeering investigator" so designated by the Attorney General. See Title 18, U.S.C., Section 1961(7). The statutory authority to conduct racketeering investigations, as defined in Section 1961(8), provides a complete and independent jurisdictional basis for the FBI to investigate compliance with civil RICO court orders. This grant of investigative authority is not dependent upon a prior request for investigation by a court or a court-appointed trustee. When conducting such investigations any evidence of noncompliance with the court order will be brought before the court for a determination of any remedial action necessary to effect compliance with the court order.

*Question.* What was the "human" cost of the New York Division's successful organized crime cases?

Answer. For the past several years, Joint Task Forces of the Federal Bureau of Investigation (FBI) and the New York City Police Department (NYCPD) have been engaged in a struggle with the forces of Organized Crime in the New York metropolitan area. This conflict is the equivalent of investigative warfare.

During the course of this investigation, Agents and detectives encountered displaced families, victimized by Organized Crime, who were on the brink of despair. Many were convinced to cooperate with the New York Division and became Government witnesses. In Government parlance, we offered them "relocation" which translates into the Witness Security Program (WSP). Relocation means a man can no longer see his son. It means what he held most dear, he can no longer have. Some people do not wish to be "relocated;" some people live with daily threats against their lives posed by organized crime. For these people, their problems become our own.

The human cost is not one sided. Threats are not exclusively directed at witnesses. Investigators have been assaulted and killed. Additionally, Agents are also under extreme stress because of extended work hours, personal financial worries and concerns with their general living conditions. Many of our Agents commute three (3) to four (4) hours a day just to arrive at work.

*Question.* In The "Star Struck" and "StarQuest" investigations the New York Division convicted the hierarchy of the Colombo LCN Family. What was the cost of this investigation in both money and human resources? After factoring in all costs,

including court costs and incarceration fees, how does the total cost of this investigation equal to the cost of the illegal activities to the general public?

Answer. The Colombo LCN Family RICO enterprise investigation conducted by the New York Division resulted in the expenditure of approximately 2.1 million dollars over a five-year period. This investigation and the successful prosecution resulted in the dismantling of the hierarchy of the Colombo LCN Family. This investigation exposed to public scrutiny the inner workings of an LCN family and its infrastructure which had permeated and successfully infiltrated the concrete and cement industries as well as the hotel and restaurant industry in New York City. In one instance, a concrete company paid two percent of their contract price in all high-rise construction in New York City to the Colombo LCN Family. An additional two percent of the contract price of jobs over two million dollars was paid to four additional New York LCN families, with $10,000 per job being paid to the Colombo Family soldier and former President of the Cement and Concrete Workers Union, Ralph Scopo. An additional cost of twenty percent of the above payoff per job was incurred to pay the cost of raising the cash payoffs. All of these costs were passed along to the general contractor or developer. The FBI investigation in this phase alone resulted in a potential economic loss prevented of $3,927,200 solely based on one concrete company with contracts amounting to $75,625,000 between October, 1984 and December, 1986. This was the amount that company would have had to pay in kickbacks, and that amount would have been generated by overcharges to the contractor.

In another instance, a concrete company paid two-percent of the contract price on all high-rise construction work to the LCN. To raise the two-percent payoff, the contract price was raised by four percent which was then charged to either the general contractor or the developer. FBI investigation in this instance resulted in a potential economic loss prevented in the amount of $788,400 based on high-rise construction from October, 1984 through October, 1986 amounting to $19,710,000.

It is estimated that the citizens of New York pay more for what they eat and where they live and work because of organized crime's grip on legitimate businesses. The precise figure is difficult to quantify in monetary terms but a conservative estimate by knowledgeable economists in the New York City area determines that the LCN's penetration of the construction, delivery, food, and private garbage collection unions and industries, among others, costs consumers hundreds of million of dollars each year in New York City alone. It is estimated that concrete companies doing business in New York City with links to organized crime were overcharging builders in New York City by 40 to 50 million dollars a year or about ten percent more than they would otherwise have to pay.

Ultimately, such construction costs are borne by consumers in the form of higher rents for apartments, higher cost for the goods or services sold by companies, and higher government taxes to pay for public works projects.

During the Colombo LCN Family trial conducted in the Southern District of New York (SDNY), the president of Technical Concrete Construction Corporation testified that he paid the Colombo LCN Family more than $800,000 for labor peace and the right to big money building contracts. These payoffs were added to the cost and passed along to the developers. Testimony disclosed that all developers in New York City were losers because there was no competition. The builder felt that he and his partners had no choice about making the payments to Ralph Scopo, former President of the Cement and Concrete Workers Union and a soldier in the Colombo LCN Family. Testimony further disclosed that there was always the threat of physical violence to the contractor because of Scopo's union position and his membership in the LCN.

The President's Commission on Organized Crime has determined that illegal payoffs on $175,000,000 worth of concrete poured at Manhattan building sites alone ranged up to 3.5 million dollars. The President's Commission on Organized Crime further estimates that the LCN's possible total gross profit from all forms of construction throughout the New York City area "must have been at least several times this amount."

Additional testimony at the Colombo LCN trial provided evidence against the Colombo LCN Family and John De Ross, President of Local 6A, Hotel and Restaurant Employees Union and a caporegime in the Colombo LCN Family. Witness testimony determined that De Ross was involved in accepting payoffs ranging from $7,500 to $25,000 a year in return for labor peace. In one instance, testimony revealed that nine $200-a-week dining room captains at Sardi's Restaurant in New York City were allowed to be replaced with two $120-a-week waiters. The workers were given a week's pay upon dismissal. The payoffs to De Ross were made for the purpose of

allowing the former general manager of Sardi's Restaurant to violate the union contract.

FBI investigation of the Colombo LCN Family resulted in the conviction of eleven LCN members including the boss, underboss and five caporegimes. These individuals received lengthy prison terms ranging from 12 years to 198 years. Additionally, the jury finding provided for a judicial determination of the existence of an LCN family. This is the first instance in which the existence of an LCN family, as an enterprise as defined by the RICO Statute, has been actually proven in Federal court.

*Question.* Did the New York Division's successful LCN prosecutions leave a void in the underworld? If so, are other LCN families or nontraditional organized crime groups filling that void?

Answer. The convictions and incarceration of the hierarchy of the five New York LCN families has caused disarray within the families for strong leadership. Less-experienced LCN members are attempting to return stability to the families but have not received the old regime's tutoring; especially in the area of labor racketeering and union control. For this reason, the FBI is continuing to focus on LCN union control as a priority.

*Question.* What is the relationship, if any, between the LCN and nontraditional organized crime groups?

Answer. The LCN maintains a working relationship with certain other organized crime groups in order to fulfill their racketeering objectives. For example, the Gambino and Genovese Families are known to use a violent group in New York called the "Westies" who function as a "private army" for these families. The "Westies" may be called upon to carry out contract murders or provide "muscle" when necessary. The Gambino Family has reportedly utilized a group of professional burglars and armed robbers who reside and operate in New Jersey to perform armed robberies for the family. The Gambino, Bufalino and Bonanno Families have strong ties to Colombian and Cuban drug cartels in the greater Miami, Florida, area, which provide these families with drugs for distribution in the United States. Also, there are other incidents of identified relationships between the LCN and nontraditional organized crime groups, such as outlaw motorcycle gangs and ethnic street gangs, wherein these groups are utilized in furtherance of the LCN's criminal activities. Nontraditional organized crime groups have benefited from their relationship with the LCN by having LCN members collect bad debts from reluctant clients. Other Hispanic and Asian groups in Los Angeles, San Francisco, Chicago and Miami have also been known to collaborate with the LCN on occasion for their mutual benefit.

*Question.* What are the significant nontraditional organized crime groups in New York City? What action has the New York Division undertaken to meet this threat?

Answer. The other significant criminal groups identified to date include Hispanic, Asian, Greek, Russian, and Korean organizations. The Hispanic groups include "The Company" and "The Corporation" which are generally involved in operating policy operations throughout the city. Asian organized criminal groups have infiltrated the Tung-On, the On-Leong Tong and the Hip Sing Tong in New York. These groups are assisted by various youth gangs who carry out criminal acts for members of the Tongs.

In order to address these known traditional organized crime groups, the FBI New York has established a squad under the Joint Organized Crime Task Force concept with the New York City Police Department (NYCPD) to deal with emerging groups. This task force approaches the investigation of nontraditional organized crime utilizing the Enterprise Theory of Investigation.

*Question.* What exactly was The Commission's role in the LCN? Is an LCN Commission still in existence or did the "Five Star" investigation eradicate it?

Answer. The Commission's role in the LCN was generally to regulate and facilitate relationships between and among LCN families throughout the United States. Specific purposes of the Commission included the following:

1. Promoting and carrying out joint ventures between and among LCN families and to obtain money through illegal activities.
2. Resolving actual and potential disputes and regulating the several LCN families regarding the operation, conduct, and control of illegal activities.
3. Extending formal recognition to newly-elected bosses of LCN families, and, from time to time, resolving leadership disputes within a family.
4. Taking such steps as were necessary to preserve order in, between, and among the LCN families including authorization of acts of murder of certain LCN members.
5. Approving the initiation of new members.
6. Establishing certain rules governing the families, officers and members of the LCN.

7. Using threats, violence, and murder within the LCN to maintain The Commission's position of power and authority.

The LCN Commission is having extreme difficulty maintaining a semblance of control by virtue of the fact that its members and/or leadership are incarcerated and generally out of touch with their respective families.

The only bosses not currently in jail are Gambino boss John Gotti, and Vincent "Chin" Gigante who has been recognized as the boss of the Genovese Family. The remaining three families are being run by "acting bosses" who do not have the weight of a permanent boss, and to date have not been able to sit down and resolve many of the pressing issues, particularly that of new membership.

It is not likely that The Commission will operate as it has in the past until permanent bosses are selected for each of the New York LCN families.

*Question.* The Genus-Cattails or Pizza Connection case established a relationship between the Sicilian Mafia and the LCN. What is the extent of this relationship or was it isolated to the "Pizza Connection" case?

Answer. The relationship between the Sicilian Mafia and the LCN is not isolated to the "Pizza Connection" case.

The Genus-Cattails case, commonly referred to in the media as the "Pizza Connection" case, focused on Salvatore Catalano, a ranking member of the Bonanno LCN Family. The investigation determined that Catalano and his associates were members of Sicilian families but had developed a relationship with the Bonanno Family and/or the Gambino Family.

Information obtained from Tommaso Buscetta determined that the Sicilians are allowed to operate within the area controlled by American LCN families. In return, the Sicilian Mafia pays tribute to the LCN.

*Question.* How significant is the Silician Mafia's role in drug trafficking in this country?

Answer. The Sicilian Mafia is comprised of organized criminal groups predominantly located in the Palermo, Agrigento, and Trapani provinces of Sicily. Two other major enclaves suspected of operating in the Untied States are the 'Ndrangheta originating from Reggio di Calabria, and the Camorra from the Naples area of Italy. Members and associates of the Sicilian Mafia have been responsible for a significant portion of the organized importation and distribution of multikilograms of heroin. To a lesser extent, they have been known to distribute cocaine.

Recent investigations into Sicilian/Italian drug trafficking groups were highlighted in the well-publicized "Pizza Connection" case conducted by the FBI between 1980-1985. Extensive coordination of investigation with Italian authorities resulted in significant intelligence discoveries, more than 35 arrests in the United States, and laid the groundwork for the Italian Government to prosecute 350 Mafia members and associates in Palermo in the first "Maxi Trial." The most recent investigation into the Sicilian/Italian Mafia drug activities culminated on March 31, 1988, with the arrest of over 100 subjects in the United States and Italy. The Sicilian Mafia, 'Ndrangheta, and Camorra continue to be a strong force in the heroin trade in the United States, however, other ethnic groups are now becoming significant. Southeast and Southwest Asian drug trafficking organizations are emerging as dominant forces in the importation and distribution of heroin into the United States. Mexican organizations, however, collectively still predominate as the single largest suppliers of heroin, accounting for approximately 40 percent of the heroin smuggled into the United States. The FBI has elevated these groups to a top investigative priority, committing manpower and resources to attack these groups.

*Question.* Is the Sicilian Mafia independently active in the United States? Is their criminal activity confined to drug trafficking or are they active in the rackets?

Answer. The Sicilian Mafia is independently active in the United States and is primarily involved in drug trafficking. They have minimal involvement in other traditional criminal activity in this country. The existence of the Sicilian Mafia, although already established and criminally active in the United States, was discovered as a result of the "Pizza Connection" investigation. Beyond this initial discovery in New York, it was learned that enclaves of Sicilian Mafia members, associated in some fashion with the LCN in several locales, were established in Buffalo, Boston, New Jersey, Chicago, and Detroit—to name a few. These Sicilian Mafia drug traffickers maintain their principal lines of communication and authority with their sponsoring families in Sicily.

*Question.* In "The Commission" case, the FBI revealed that the LCN controlled concrete industry in New York City. What was the price of that LCN control in terms of the cost of concrete to the consumer? Has the cost of concrete in New York City gone down since the recent convictions? Can the cost expended by the FBI in the investigation and convictions in this case be justified?

Answer. The proof at trial during The Commission case demonstrated that, in the first half of the 1980s, the LCN Commission directed a massive extortion and bribery scheme involving the concrete construction industry in New York City. The power of the four families, Genovese, Gambino, Luchese and Colombo, whose bosses sat as full voting members of The Commission in this period was combined and coordinated by The Commission in order to operate the "club" schemes. Ralph Scopo, by virtue of his position as President of the Laborers Union which represents the city's concrete workers, was one of the lower level La Cosa Nostra members designated by The Commission to carry out the day-to-day extortion operation.

The scheme was known as the "club" and through it, The Commission dominated the major concrete construction contractors in New York City. In return for "labor peace," these contractors were forced to pay two percent of the contract price for all jobs over two million dollars. In addition, each organized crime family established an interest in one or more concrete superstructure contractors and, through a coordinated bid-rigging scheme, sought to expand the number of jobs performed by that contractor. In that way, each family earned money, over and above the two percent, through the profits earned by the companies. The bosses of each of the four La Cosa Nostra families involved in the scheme designated a family member to be responsible for managing the scheme. These four subordinates, one of whom was Ralph Scopo, met regularly to discuss which contractor would do upcoming jobs, resolved disputes, collected the two percent extortion payments, and passed the proceeds of the "club" scheme back up to The Commission.

Information indicates that there has been no reduction in the cost of concrete in the New York area since the successful RICO prosecutions of the LCN. The reasons are complex ones involving inflation, increased transportation costs and other factors unique to the New York area. The FBI is not in a position to determine if the cost of the investigation is justified by savings incurred by the average citizen. However, the highest ranking members of organized crime are presently incarcerated for the rest of their lives. These men generated millions of dollars yearly from a myriad of illegal activities over which they no longer control. Their incarceration has disrupted this steady flow of revenue. Therefore, an actual dollar amount cannot be placed on the savings to the average citizen.

*Question.* Based on the evidence, the RICO Statute appears to be an extremely powerful tool for law enforcement. Can Congress "fine tune" RICO to make it an even more effective statute? What suggestions could you make to bolster the RICO Statute?

Answer. The addition of a civil forfeiture provision under RICO would permit law enforcement to more effectively and efficiently penalize those engaged in, or otherwise involved in, racketeering activities. One of the most potent and effective criminal penalties under RICO is the forfeiture of the convicted individual's property used to violate the law, or which was derived from the violations of the law. However, the civil remedies under RICO do not permit the forfeiture of any such property. In contrast, the Controlled Substances Acts, as well as the Child Protection and Money Laundering Control Acts, provide for both criminal and civil forfeiture penalties; these Acts permit law enforcement to seize and forfeit a larger percentage of property which has been used to violate the law or which was derived from violations of the law and to decide how the seizure and forfeiture of such property can best be accomplished.

In order for property to be criminally forfeited, law enforcement must establish beyond a reasonable doubt that the owner of the property has violated the law and that the property is subject to forfeiture. For civil forfeiture purposes, law enforcement need only establish probable cause to believe the property is subject to forfeiture. Therefore, if the ownership of property cannot be conclusively established by the Government; if the owner of the property was aware of, or facilitated, but did not commit, a violation of the law; or, if it can only be established by a preponderance of the evidence that the owner of the property violated the law and the property is subject to forfeiture, the property could not be criminally forfeited but could be civilly forfeited pursuant to a civil forfeiture statute.

Furthermore, it is difficult to seize or restrain property which is being criminally forfeited prior to the conclusion of the criminal proceeding. On the other hand, property subject to civil forfeiture can be and usually is seized at the commencement of the civil forfeiture proceeding. This greatly reduces the risk that property subject to forfeiture will be destroyed, placed beyond the jurisdiction of the court, transferred to a third party, commingled with other property or diminished in value.

*Question.* What can Congress do to aid law enforcement's efforts against organized crime?

Answer. The emergence of organized crime groups, some still based on foreign soil, such as the Chinese Triads, the Japanese Yakuza or the various narcotics cartels may require some innovative legislative action. There is mounting evidence that many of these criminal enterprises are generating large amounts of capital from criminal activities in their homeland and are transporting these proceeds to the United States for investment in otherwise legitimate entities. The provisions of Title 18, Section 1952, prohibit travel in foreign commerce or the use of any facility in foreign commerce to distribute the proceeds of enumerated unlawful activity, however this unlawful activity pertains to violations under existing U.S. jurisdiction. Since this is a new area of concern, extensive research by the Department of Justice may be necessary to determine whether legislation can be recommended for criminal prosecution or asset seizure under these circumstances.

*Question.* What industries does the mob influence or control in the New York City metropolitan area?

Answer. The labor movement in the New York City metropolitan area has been, in general, heavily infiltrated by the LCN for decades. Such pervasive infiltration continues to date. Particular labor organizations and industries so infiltrated include, but are not limited to, the following:

*International Brotherhood of Teamsters (IBT)*

Joint Council 16 of the IBT in New York City and many of its member locals have been influenced, infiltrated, and controlled by LCN members and associates from each of the five New York City LCN families. The organized crime families with greatest influence in the IBT locals in New York City include the Colombo, Genovese, Gambino, and Luchese LCN Families. Industries affected by such LCN presence include, but are not limited to, long-haul trucking, short-haul trucking, building materials hauling, garment center trucking, IBT electrical workers, IBT entertainment industry workers, garbage hauling, airport workers, movers and warehousing related to the previously named trades.

*Hotel Employee and Restaurant Employees International Union (HEREIU)*

HEREIU locals in the New York City metropolitan area have traditionally been influenced, infiltrated, and controlled by the Gambino and Colombo LCN Families. Members of these LCN families interface with members of other LCN families who have interests in restaurants, bars, and places of entertainment in the New York City metropolitan area. The industries influenced by the LCN presence in HEREIU locals would include the hotel, restaurant, and entertainment industries.

*International Longshoreman's Association (ILA), AFL–CIO*

ILA locals in New York City metropolitan area have been traditionally and pervasively influenced, infiltrated, and controlled by members and associates of all five New York City LCN families and the New Jersey Decavalcante LCN Family. LCN families with the greatest influence in the ILA included the Genovese, Gambino, Colombo, and Decavalcante LCN Families. Industries affected by such LCN presence include the shipping industry, warehousing on the docks, and trucking from the docks.

*Laborers International Union of North America (LIUNA), AFL–CIO*

LIUNA locals in the New York City metropolitan area have been influenced, infiltrated, and controlled by LCN members and associates from each of the five New York City LCN families and the Decavalcante LCN Family. LCN families with greatest influence in LIUNA locals in New York City include the Gambino, Luchese, and Genovese LCN Families. Industries affected by such LCN presence include the various building construction trades, demolition and excavation work, road construction, and construction materials yard work.

*United Brotherhood of Carpenters and Joiners (UBCARP) AFL–CIO*

The New York City District Council of Carpenters and many of its member local unions have been influenced, infiltrated, and controlled by members and associates of the five New York City LCN families and the Decavalcante LCN Family to various degrees over the past several decades. LCN families with particular influence in UBCARP in the New York City metropolitan area include the Genovese, Gambino, and Luchese LCN Families. Industries affected by such LCN influence include the drywall construction industry, the general construction industry, the floor construction industry, and the cement and concrete industry.

*International Brotherhood of Painters and Allied Trades (IBPAT), AFL–CIO*

District Countil No. 9 of IBPAT and individual IBPAT local unions in the New York City metropolitan area have traditionally been influenced, infiltrated, and con-

trolled by members and associates of the Luchese and Gambino LCN Families. Members of these LCN families interface with members and associates of the other three LCN families in the New York City metropolitan area. Industries affected by the LCN influence in IBPAT include the bridge painting industry, the general painting industry, the nuclear power plant painting industry, and the paper hanging industry.

*Roofers Union, AFL-CIO*

The Roofers Union in the New York City metropolitan area has been influenced, infiltrated, and controlled by members or associates of the Genovese, Luchese, and Gambino LCN Families. Industries affected by such LCN presence include the roof construction industry and the roof maintenance industry.

*Operating Engineers Union, AFL-CIO*

The Operating Engineers Union in the New York City metropolitan area has been influenced, infiltrated, and controlled by members and associates of the Genovese and Colombo LCN Families. Industries affected by such LCN presence include the construction industry as well as the air conditioning and refrigeration industry.

*Bricklayers Union, AFL-CIO*

The Bricklayers Union of the New York City metropolitan area has been influenced, infiltrated, and controlled by members and associates of the Gambino, Luchese, and Genovese LCN Families. The industries affected by such LCN presence have been the brick, stone, and tile construction industries.

*Plasterers Union, AFL-CIO*

Local unions of the Plasterers Union in the New York City metropolitan area have been influenced, infiltrated, and controlled by members and associates of the Genovese, Gambino and Luchese LCN Families. Members of those LCN families have interfaced with members and associates of the other two LCN families in the New York City metropolitan area. industries affected by such LCN presence include the plastering industry and the drywall installation and taping industry.

*Other Labor Organizations*

Other labor organizations and affiliated local unions in the New York City metropolitan area which have been influenced, infiltrated, and controlled by one or more LCN families include the Boilermakers Union, AFL-CIO; the Stage Employees Union, AFL-CIO; the Transit Workers Union, AFL-CIO; the Clothing and Textile Workers Union, AFL-CIO; the International Ladies Garment Workers Union (ILGWU) AFL-CIO; Distillery Workers Local Union No. 2, AFL-CIO; the Food and Commercial Workers Union, AFL-CIO; the Iron Workers Union, AFL-CIO; Local 2 of the Laundry and Dry Cleaning Union, AFL-CIO; the Leather Goods Workers, AFL-CIO, the Novelty Workers Union, AFL-CIO; the Plumbers Union, AFL-CIO; the Retail Wholesale Workers Union, AFL-CIO; the Service Employees Union, AFL-CIO; the Stage Employees Union, AFL-CIO; the Transit Workers Union, AFL-CIO; the Journeymen's and Production Allied Services of America and Canada International Union Local 157; the Allied International Union of Security Guards and Special Police; and other independent and AFL-CIO-affiliated labor organizations. Industries affected by such LCN presence include, but are not limited to, the construction industry, the garment industry, service and maintenance industries, the security guard industry, the entertainment industry, the toy and novelty item industry, the liquor sales industry and the busing industry.

*Question.* Do those industries share certain characteristics which make them especially vulnerable to LCN influence? If so, what are they?

Answer. The industries that are characteristically vulnerable to LCN influence are those which are labor intensive. They usually require that goods be moved or services be completed on a timely basis. The LCN has secured control over them through illicit manipulation of the labor unions that are affiliated with these industries.

*Question.* Have you found legitimate businesses within those industries to be cooperative or noncooperative in criminal investigations for the most part?

Answer. For the most part, the businesses that are infiltrated or influenced by the LCN have an economic advantage in the market place and face the threat that the LCN will use its illicit control of the labor movement to adversely affect them. The New York Office has identified "clubs" of businessmen who band together under the auspices of the La Cosa Nostra to fix prices and thereby control such industries as construction, trucking, shipping and refuse collection. These "clubs" and their re-

lation to the LCN threaten the free enterprise system and drive prices up. They also deny workers the rights they have obtained through collective bargaining.

The "legitimate" businesses that are in collusion with the LCN are normally not cooperative as it is to their benefit economically to cooperate with the LCN. It is usually necessary to uncover the criminality on the part of the businessman in order to obtain his cooperation. This usually requires prosecution of the businessman.

*Question.* What is the most important milestone in the Bureau's efforts against the LCN?

Answer. The most important milestone in the FBI's efforts against the LCN is the development and utilization of the "enterprise theory of investigation." Based on the RICO Statute, this approach facilitates the accomplishment of a number of interrelated objectives. These objectives include the identification and elimination of corrupt influence, domination and control of labor unions and industry by LCN members and associates and ultimately, the incarceration of the hierarchy of the LCN. This "theory" has provided for the successful prosecution of the bosses of the five New York LCN families as well as numerous capos and soldiers, civil injunctions against the Bonanno and Colombo LCN Families, and civil injunctions against labor unions dominated by the LCN. The effect of these successes has shown that an LCN boss, allegedly insulated, is not immune from prosecution. For example, civil court orders can also prohibit LCN members and corrupted officers from holding union offices and can designate trustees to conduct union affairs and supervise the election of new officers. These actions remove the offenders from union offices which they have misused for the benefit of the criminal organization and restore these offices to persons interested in the welfare of the union's rank and file.

*Question.* What differences separate nontraditional organized crime groups and La Cosa Nostra?

Answer. Nontraditional organized crime (OC) groups are oftentimes violently oriented groups which engage in criminal activities for profit, such as gambling, drug trafficking, extortion, and murder. These groups are distinguished from traditional OC groups in that they have not used their criminal activities, or their illegal income derived therefrom, to penetrate the economic fabric of society. Through such activities as labor racketeering, public corruption, and infiltration of legitimate business, traditional OC groups have become entrenched in American society.

*Question.* Both the FBI and the Labor Department's Organized Crime Racketeering Section have jurisdiction over criminal investigations in the labor racketeering area. How many joint FBI/Labor Department investigations have been handled by your office in the last three years? Are you satisfied with the cooperation between your office and Department of Labor agents in criminal investigations?

Answer. The cooperation between the FBI and the New York Office of Labor Racketeering (OLR) has been exceptional. New York has worked jointly on at least six investigations with the OLR over the past three years.

*Question.* In yoiur view, what should be the role of the Labor Department Inspector General's office in the investigation of labor racketeering cases?

Answer. The role of the OLR, Departmentr of Labor should be focused on misuse of union funds by officers in the labor movement. There is a great deal of discrepancy between the FBI's definition of labor racketeering and that of the Department of Labor. The Labor Department's focus should be narrowed while the FBI is asttacking the labor racketeering problem utilizing the Enterprise Theory of Investigation. There are instances where cooperation enhances investigations. It is a matter of complementing each other's efforts rather than one of competition.

*Question.* Currently, unlike other Federal law enforcement agents, agents of the Labor Department's Organized Crime Section do not have statutory law enforcement authority, i.e., the authority to make arrests and to carry a gun. They receive this authority only on a case-by-case, deputization basis, from the Justice Department. Do you know of instances where this lack of authority has delayed or impeded their ability to effectively investigate organized crime cases?

Answer. The New York FBI Office is not aware of any instances where lack of statutory law enforcement authority has impeded law enforcement efforts by the OLR.

*Question.* Do you believe that agents of the Labor Department Inspector General's organized crime section should have statutory law enforcement authority? Why or why not?

Answer. All documented justification for expanding the law enforcement powers of the Office of Inspectors General appear to be based on the assertion that in the performance of the variety of law enforcement functions by the offices of Inspectors General, personnel of the Inspectors General encounter serious Federal crimes and

confront dangerous criminals; therefore necessitating the authority to carry firearms, make arrests and serve warrants. We agree that law enforcement entities statutorily tasked with board-based investigative jurisdiction should be empowered with full law enforcement powers. However, an agency mandated to investigate interagency and intragovernmental crimes and frauds should rarely encounter dangerous criminals. In these rare instances where government employees become dangerous criminals, the currently available assistance to the Inspectors General from the FBI is adequate.

It is my view that Public Law 95-452, also know as the "Inspector General Act of 1978," established 12 Inspectors General for the purpose of providing leadership, increasing coordination, and recommending policies designed (1) to promote economy, efficiency and effectiveness in the administration for the department's programs and operations; (2) to prevent and detect fraud and abuse in the department's programs and operations; and (3) to provide a means for keeping the heads of the departments and the Congress fully and currently informed of problems and deficiencies relating to the administration of the department's programs. The Inspectors General were empowered to conduct and supervise audits and investigations relating to programs and operations of their various departments.

In conclusion, I am opposed to empowering the various Offices of Inspectors General with authority to make arrests, carry firearms and serve warrants. Although additional resources to law enforcement to combat crime would be a much needed and welcomed augmentation to the law enforcement effort, it is incumbent that such additional resources be structured and marshalled in a coordinated and well-defined manner to avoid inefficient, ineffective, and duplicative activity. To empower numerous agencies and departments with full law enforcement powers under the direction of 12 individual semiautonomous departments, without clear lines of jurisdiction and clearinghouse entity to avoid duplication of effort, would most assuredly be drafting a blueprint for inefficiency and conflict in future investigations. It is also apparent that captioned legislation would divert Inspectors General from their current statutory responsibility to detect waste, fraud, and abuse within their own agencies.

*Question.* What problems do you anticipate in conducting other investigations of this type?

Answer. For future investigations utilizing the enterprise theory of investigation, it is incumbent upon the FBI to demonstrate to all Special Agents assigned organized crime matters the meaning of the theory, how it can be applied and what can be attained. The Electronic Communications Privacy Act of 1986 authorizes support employees to monitor Title III installations. If this can be accomplished it can alleviate the manpower limitations by freeing Special Agents to conduct investigations. Investigators and prosecutors must consider how predicate crimial acts on the part of the individuals can be developed to demonstrate criminality of the enterprise. We must continue to improve and refine FBI training and awareness along these lines in the field divisions. As Special Agents continue to learn how to use this theory and prosecutors gain more experience litigating these matters, the utilization of the enterprise theory will become the norm.

*Question.* How does modern technology affect the methods used by the FBI in the conduct of its investigations? Has law enforcement been able to keep pace with recent advances in technology and communications?

Answer. The FBI's Organized Crime Section (OCS) and the Technical Services Division (TSD) regularly assist one another in the development and refinement of computer systems. This effort maximizes the collection, analysis, and dissemination of Organized crime information and the management of the Organized Crime Program in order to avoid unnecessary expenditure of resources and provide analysis to the field for investigative focus. These systems include the Organized Crime Information System (OCIS), Artificial Intelligence (AI), the Resource Management Information System (RMIS) and the Field Office Information Management System (FOIMS).

Cellular telephones and telephones pagers (beepers) provide investigators and managers with an important and continuous communication link which has significantly increased the effectiveness and efficiency of FBI operations. The FBI has increased the procurement and installation of voice privacy radio equipment and secure telephone facilities in an accelerated manner due to the prolific use of radio scanners and other sophisticated equipment by criminals and foreign agents to intercept FBI communications. The TSD examines new commercially developed and marketed technical equipment that may adversely affect the FBI's ability to conduct its investigations.

Organized Crime cartels also closely monitor developments in communications technologies not only as a means of enhancing the effectiveness and efficiency of

their illicit operations, as evidenced by their widespread use of cellular telephones, telephone pagers, and call forwarding, but also in a continuing attempt to neutralize the technology utilized by law enforcement. It is therefore necessary for us to remain cognizant of technological advances in equipment capable of impeding law enforcement efforts, and conduct the research necessary to protect the integrity of our investigative operations.

*Question.* Can the Enterprise Theory of Investigation be effectively utilized against nontraditional organized crime groups?

Answer. The Enterprise Theory of Investigation is an investigative strategy which seeks criminal prosecution of the hierarchy of a structured entity for all the criminal activity in which they are engaged. It also seeks forfeiture of the proceeds of illegal activity, as well as seeking civil injunctive relief to remove the mechanisms, albeit legal or illegal, which allowed the criminal enterprise to operate. This strategy can be used effectively against any criminal enterprise, be that enterprise involved in political corruption, terrorism, narcotics trafficking, or traditional criminal violations.

*Question.* The FBI has done fine work against La Cosa Nostra. The obvious question now is what is next? That is, who is filling the LCN void, and what are we doing about it?

Answer. The attack against the LCN is far from a point whereby other groups would be able to fill the void. FBI New York estimates that there are over 682 LCN members in New York and each member has at least 10 associates.

The number of unions that are dominated and controlled by the LCN is still very high and much effort must be placed to rid the unions of this undue influence.

It is important to point out that the LCN control of certain parts of the labor movement and related business marks the most serious difference between the LCN and emerging organized criminals. Until such time as the labor movement and related business are freed from this illicit domination and control, the LCN must continue to be the focus of our investigative attention.

*Question.* In our 1984 Subcommittee Report on the *Status of Organized Crime in the Mid-Atlantic Region*, we concluded on page 67 of the Report that: "* * * emerging crime groups such as outlaw motorcycle gangs should be investigated fully by law enforcement and immobilized before they become entrenched." Do you agree with that assessment of the Subcommittee's? If so, what is your office doing about them? Specifically, how many cases have you brought, and what resources have you allocated to them? Where do you take such investigations for prosecution? U.S. Attorney? Strike Force?

Answer. In 1986, the New York Office of the FBI undertook a major investigation of the Hells Angels Motorcyle Club, Chapter Headquarters in Manhattan, New York City. This investigation showed that the Hells Angels were a disciplined, well-structured organization whose primary criminal activity involved narcotics trafficking. The investigation led to the conviction of approximately 20 members of the Hells Angels in Manhattan including its entire leadership. This investigation made us aware of the scope of the Hells Angels' activities, and it has been determined no further investigation is warranted. Besides narcotics trafficking, the most serious threat the Hells Angels pose is their criminal conduct focused against each other. This investigation was prosecuted in the Southern District of New York and is presently in a closed status.

*Question.* In the same Report, our Subcommittee criticized the Department of Justice and the Organized Crime Strike Forces for focusing their attention almost exclusively on the LCN. We stated on page 67 of the Report: "For too long, the Strike Forces have addressed the subject of organized crime as if the problem were one limited almost exclusively to the LCN. The LCN is an important factor in organized crime, but is not all there is to the problem." Do you agree with this 1984 assessment of the Subcommittee's? Has it changed, based upon your own experience with your local Strike Forces and U.S. Attorney offices?

Answer. The Subcommittee's criticism that "The LCN is an important factor in organized crime but is not all there is to the problem" is obviously true. However, to turn away from the LCN as the major organized criminal problem in this country would be a major mistake. While other so-called, ignored, organized crime groups function in this country none of them has the history, the organizational skills or the ability to control the free enterprise system and the free labor movement as does the LCN.

It can not be overstated that until the LCN is removed from the control of major unions in this country, organized crime will have the upper hand in many, many areas of the free enterprise system. When the Federal Government and law enforcement in general reaches a point where it can say that the labor movement in this

country is in the hands of those to whom it rightfully belongs and the related industries no longer pay tribute and/or are controlled in various degrees by members of the LCN then it will be time to turn toward other organizations. I believe this view is shared by the U.S. Attorneys of the Southern and Eastern Districts of New York, who continue to prosecute FBI investigations of the LCN involvement affecting the citizens of New York.

*Question.* In our 1984 hearings on the status of organized crime in the Great Lakes region, the Subcommittee conducted a confidential survey of 30 past and present strike force attorneys and investigators. Twenty-six of the 30 respondents said they had firsthand, direct knowledge of instances in which they had gathered sufficient evidence to demonstrate a major organized criminal activity that was not part of or associated with La Cosa Nostra family. But in each instance, their requests for Strike Force assistance were denied because there was no LCN involvement. (Page 13 of the Hearings, and page 3 of the Report.)

Answer. The New York Office (NYO) of the FBI operates its OC program through specific strategic plans. These plans focus on the LCN, its hierarchy, and their involvement in the labor movement. There are minimal resources available to investigate anything other than the LCN. It is for this reason that this question does not apply to the NYO.

*Question.* In our Report on the Status of Organized Crime in the Great Lakes Region, we noted that there appeared to be no agreement within the Organized Crime and Racketeering Section of the Justice Department, which supervises the strike forces, as to what constituted organized crime. Do you agree with this assessment? How does your office define organized crime for prioritizing, investigations? Do your priorities agree with the Strike Force's? U.S. Attorneys'? If not, where do they differ? What do you do when they differ?

Answer. In our opinion there is no confusion at all concerning the definition of organized crime or the priorities within the organized crime program among the various components of the Department of Justice (DOJ).

The La Cosa Nostra is presently and will continue to be, for the foreseeable future, the number one priority of the New York Office organized crime program. This is with the full knowledge and concurrence of the United States Attorney's and Strike Force Office. Our priorities also fall within the FBI's organized crime National Strategy which is fully supported by the Organized Crime and Racketeering Section, Criminal Division of the DOJ.

It is imperative that the priorities of the FBI in the area of organized crime be in full agreement with those of the United States Attorney's Office, and Strike Force Office. We ensure that our priorities and our strategy for reaching our program goals are coordinated by communication between the top management of the New York Office and our OC program manager and their respective United States Attorneys and Strike Force Chiefs.

*Question.* On the first day of the hearings, the General Accounting Office recommended to the Subcommittee that our organized crime efforts need to be based upon "careful strategic planning" that established clear objectives, assigns responsibilities, and allocates our finite law enforcement efforts. Do you agree with such an analysis, and if you do, who do you recommend should establish such a well-thought-out plan for all Federal law enforcement agencies involved in the fight against organized crime?

Answer. The General Accounting Office recommendation has been the backbone of the New York Office (NYO) OC program since 1980. In 1980, strategic plans were prepared to focus on the hierarchy and criminal activities of each of the five LCN families in NY with emphasis on their involvement in labor racketeering. These plans were important because they caused the FBI to describe the problem of organized crime, what it intended to do about the problem, and specific steps on how the goals were to be accomplished. It prompted the FBI to assess the resources needed and to determine who should carry out the assigned responsibilities.

All OC investigations should begin with a planning process, and this plan must continue throughout the course of the investigation and prosecution. It is our belief that the OC problem will not be solved solely through incarceration of OC members. We must go further to try to achieve change in behavior and prevent the conditions that exist and allow OC to flourish.

As to who should establish such a well-thought-out plan, it is apparent from the experiences of the NYO that planning OC investigations requires a strong intelligence base before plans can be implemented. The New York experience has shown that the FBI can plan significant investigations, with the concurrence of the U.S. Attorneys office and other agencies as well, to solve significant criminal problems. I

would recommend that the FBI continue to be the lead agency and the planner of such endeavors.

*Question.* As you know, on January 2, 1988, Attorney General Meese signed an "Order Directing New and Expanded Initiatives in the Federal Organized Crime Effort." As I read the order, it really addresses only the division of authority between the U.S. Attorney and the Justice Department's Organized Crime Strike Forces. As I understand it, prior to this order, the Strike Forces, under the direction of the Strike Force Chief in Washington, exercised control of their investigations, while keeping the U.S. Attorney advised of their activities in order to avoid possible conflicts. By contrast, this new order apparently gives the U.S. Attorney principal control of Strike Force investigations and prosecutions. The order even names the U.S. Attorney, as opposed to Strike Force superiors in Washington, as the "rating official" for the performance rating of the local Strike Force Chief. Now, the FBI has obviously worked organized crime cases with both the Strike Forces and the U.S. Attorney's Offices. Do you feel this order was necessary and, if so, why? What is its impact in your city?

Answer. The Organized Crime Section in the Southern District of New York (SDNY) has historically been a unit of the United States Attorney's (USA's) Office and answerable to the USA, SDNY. In the Eastern District of New York (EDNY), the Strike Force has functioned as a separate prosecutive entity. The FBI in New York has had an excellent relationship resulting in substantial prosecutive successes in the area of organized crime in both the SDNY and the EDNY. The change in the rating official in EDNY has not had any impact on FBI investigations being handled by the Strike Force.

*Question.* What is the current procedure for coordinating labor cases with the Strike Force and Labor Department? How can we be assured those problems won't occur again?

Answer. The important aspect of mutual relationships and effective prosecution of organized crime requires that those individuals charged with the responsibility of managing the related programs be willing to communicate with their counterparts. From time to time there are very good reasons why this communication can not be effected. This must be understood by those involved in this type of investigative activity. In New York, the communication between the Office of Labor Racketeering and the FBI is exceptional. There are no secrets unduly kept, and for the most part there is a very open, sharing atmosphere. We can be assured that those problems won't occur again if there is an investigative agency, not prosecutive, that is charged with designing a planned attack on organized crime with the input of all other investigative agencies so that communications will be formalized and clearly understood.

# ORGANIZED CRIME IN PENNSYLVANIA:
# TRADITIONAL AND NON-TRADITIONAL

Prepared for the

Permanent Subcommittee on Investigations

United States Senate

APRIL 15, 1988

By the

PENNSYLVANIA CRIME COMMISSION

WITNESSES: James H. Manning, Jr., Esq.
Commissioner

Frederick T. Martens
Executive Director

Thank you, Mr. Chairman, for the opportunity to testify before this distinguished Committee. Your efforts in maintaining a pulse on organized crime are noteworthy and to be commended, for you have continued on the paths of your predecessors, Senators Kefauver and McClellan. We, at the state level, are fortunate to have this medium to discuss the problem of organized crime and the attendant organized crime control methods, techniques, and alternatives available to us, thanks to the efforts of this Committee.

The reality of organized crime, its insidious, corrosive, and subtle impact, is a feature of this unique form of criminality that often goes undetected until it is too late to do anything preventive. Organized crime is often equated to a cancer, and its evolutionary growth is virtually identical. Initially, we see it begin with a complacency on the part of law enforcement and the community; something like "it can't happen to us." Then it takes on another dimension: small episodic events occur, the likes of which are viewed as isolated incidents. A bookmaking arrest is made; there are allegations of police corruption and perhaps a conviction is obtained, followed by the pronouncements that this was "one bad apple"; a "mob hit" may occur, but who really cares, "they're only killing their own"; and then the moral fabric of the community begins to be attacked by this most potent organism, quickly followed by the subversion of political, economic, and social institutions that are designed to prevent this deadly disease. Ultimately, the body politic is eroded, the

infrastructures of the community are destroyed, and the "will to live" no longer exists. One gives up, for as many before have found, "you can't fight city hall." In the end, you find communities that have driven business from their environs, undermining the financial structure; political institutions have been corrupted to the point that organized crime interests dominate political decisions; and the social institutions no longer have the power to prevent the demand for the illicit services that are being offered. The community is ravaged, plundered, exploited, and thrown to the forces of the fittest. Only the most powerful survive. This prognosis, if you will, is repeated in community after community throughout the United States, and only with the vigilance of Committees like this, crime commissions, and law enforcement on a state and local level, can we monitor, diagnose, prevent, and contain the growth of organized crime. Before we take corrective action, we must know what the problem is; for if we do not, what may be seen as a "successful" enforcement action--an arrest(s)--may be simply "blue-smoke and mirrors." We may, unconsciously, arrest an element (e.g. organism) that would have prevented the growth of organized crime--that independent criminal entrepreneur that cared little about eliminating competition through violence or corruption, expanding his or her territorial domain, and/or monopolizing an illicit market. I would suggest to you that organized crime enforcement requires the same level of sophistication in thought that cancer prevention demands; the analogy is well-worth heeding.

Let me begin by discussing traditional organized crime in Pennsylvania.

The Italian-American Crime Syndicates are considered the most well-entrenched criminal groups operating in the United States. They derive substantial income from illegal activities such as gambling, loansharking, narcotics, extortion, prostitution, and any criminal venture which offers the opportunity for financial gain.

That which distinguishes the Italian-American Crime Syndicates from other criminal groups is the insidious manner in which they have attained monopoly control over legitimate, as well as illegitimate, markets. Despite changes in personnel, the Italian-American Crime Syndicates have successfully employed violence and intimidation so as to assure compliance between other criminal groups, businessmen, labor leaders, and politicians in order to control competition within a specific market. In what has historically been termed "racketeering", the Italian-American Crime Syndicates participate in criminal conspiracies with the aforementioned entities in order to derive the financial benefits of a monopoly.

These criminal conspiracies pose a serious threat to the integrity of our political and economic systems as was recently evidenced in Philadelphia when two independent real estate developers became victims of the joint extortion attempts of City

Councilman Leland Beloff and syndicate crime boss Nicodemo Scarfo. Both incidents are classic examples of the monopolistic control that can be exerted when politicians and crime syndicates engage in criminal partnerships.

In the first incident, G. Willard Rouse, a nationally known developer had undertaken a project valued from 700 million to one billion dollars to develop the Penn's Landing area of the Philadelphia waterfront. The project required substantial private financing as well as a ten million dollar housing and urban development action grant. Approval for such a grant required guarantees by the city of Philadelphia in the form of legislation against certain potential losses that might be incurred by the developer. According to Philadelphia protocol, these legislative bills must be introduced by the city councilman in whose district the construction would occur; in this case, Councilman Beloff's district.

Rouse was approached jointly by operatives of both Beloff and Scarfo who promised Rouse that Beloff would introduce the necessary legislation only in exchange for the sum of one million dollars; an amount which would ultimately be shared by both Beloff and Scarfo.

In the second incident, developer John Bennett was similarly extorted by these same operatives to the sum of $25,000, in exchange for which they would guarantee Beloff's introduction and

assistance in the passage of necessary legislation required by Bennett; specifically, legislation which would confirm the Philadelphia Redevelopment Authority's selection of Bennett as the developer for a building project in Beloff's district. Moreover, Bennett was assured that his ongoing problems with certain labor unions could be alleviated at a cost of one hundred thousand dollars.

I submit that this type criminal partnership is not an anomaly. An ongoing investigation of New York City's construction industry reveals that many businessmen readily accept such payments not as extortion, but rather as "the cost of doing business in certain markets."

Within the Commonwealth of Pennsylvania there are four Italian-American Crime Syndicates, traditionally referred to as crime "families": the Scarfo Crime Family, the LaRocca Crime Family, the Bufalino Crime Family, and the Magaddino Crime Family.

The Scarfo Crime Family

The Scarfo Crime Family operates primarily in the city of Philadelphia, the Southeast sector of the state, and New Jersey. Presently, the boss of this Family is Nicodemo "Little Nicky" Scarfo, age 58, of Atlantic City, New Jersey. Scarfo's nephew, Philip "Crazy Phil" Leonetti, age 34, and a resident of Longport,

New Jersey, maintains the position of "underboss." The Family "consigliere" is Scarfo's uncle, Nicholas "Nicky Buck" Piccolo, age 84, of Turnersville, New Jersey.

I would like to comment briefly on the traumatic changes which have occurred in this Family over the past decade. These changes relate not only to personnel but to philosophical differences in the manner in which the Family continues its criminal pursuits.

Angelo Bruno Annalore had been "boss" of the Bruno Crime Family, as it has been formerly referred to, from 1959 until his murder on March 21, 1980. An unprecedented period of internecine violence followed Bruno's murder, resulting in what might accurately be described as a complete purge of the Bruno Crime Family so as to create the Scarfo Crime Family. To date, at least thirty Family members and associates have been murdered, many at the direction of Nicky Scarfo.

I might add that Phillip Testa, Bruno's underboss, not Nicky Scarfo, immediately succeeded Bruno as boss of the Family. Testa's tenure, however, was short-lived. He was killed by a bomb explosion on his front porch less than one year after having succeeded Bruno.

Hence, it is Nicodemo Scarfo, having succeeded Testa, who is responsible for the current structure of the Family which I am about to describe.

Unlike Bruno, Scarfo lacked the respect of the whole Family and saw violence as the only means of compensating for this inadequacy. Much of his decision making was irrational, paranoiac, and resulted in violence as a solution. Upon becoming boss of the Family, Scarfo immediately surrounded himself with young, aggressive, novice members of the organization who he promoted for their loyalty to him rather than their competency, talent, or skill at dispute resolution. Scarfo ostracized many of the Family's more experienced members, labeling them as Bruno loyalists and threats to his authority. Insecure in his ability as a leader, Scarfo ordered the murder of any member who he believed to be disloyal.

As a consequence of Scarfo's paranoia, the Family underwent a complete turnover in personnel. Those members, who during Bruno's reign were responsible for controlling much of the Family's interests in such activities as gambling and loansharking were either killed or ostracized. With their removal, so went many of the political, business, and labor relationships that had taken years to cultivate.

In their place, a legion of young immature members remained, absent a sophisticated network of relationships and devoid of any real criminal expertise. They sought to emulate the "gangsters" who controlled the rackets during Prohibition. Relying exclusively upon their proclivity towards violence, Scarfo Family

members imposed a "street tax" on the revenues of those criminal groups which were easy prey to physical intimidation, extorted businessmen and labor unions, and sought a dominant role in gambling and narcotics activities in Philadelphia. In the end, it was Scarfo's unmitigated greed, impulsive use of violence, and inexperience as a leader or boss of a crime family, plus the lack of respect for Scarfo among the more competent, mature, and experienced members of the Family, that caused the Family's tattered decline.

In 1987, Family members Thomas DelGiorno and Nicholas Caramandi became government witnesses against Scarfo. Both feared that Scarfo considered them disloyal and was planning to have them murdered. DelGiorno's and Caramandi's testimony has resulted in an extortion conviction of Scarfo as well as several pending federal and state indictments against him and many members of the Family. These indictments, one of which could result in the death penalty--the first mob boss to face such a sanction since Louis Buchalter--and the extortion conviction will undoubtedly keep Scarfo behind bars for the better part of his remaining life, and force a restructuring of this Family.

**The Bufalino Crime Family**

The Bufalino Crime Family operates primarily in the Northeast sector of the state. Russell Bufalino, age 84, of Kingston, Pennsylvania, continues to maintain the position of "boss", a position he has held since 1959. James Osticco, age 74, of

Pittston, Pennsylvania, holds the position of "underboss." The Family's "consigliere" is Edward Sciandra, age 75, of Bellmore, New York.

Russell Bufalino is presently incarcerated and serving a ten year sentence for his participation in the attempted murder of a federal witness who was to testify against him. He is in poor health. James Osticco is also incarcerated in a federal penitentiary for his involvement in the tampering of a jury.

Responsibility for the affairs of the Bufalino syndicate are currently divided among Edward Sciandra, the Family's consigliere, Anthony F. Guarnieri, a caporegime, and William D'Elia, a confidant of Bufalino who maintains regular contact with Bufalino and functions as his emissary in meetings with other members of the Family.

Bufalino Family members and associates are involved in narcotics, loansharking, gambling, and labor racketeering. Members, inclusive of Bufalino, maintain a legitimate interest in various garment industry related businesses located in Pennsylvania and New York. Edward Sciandra, who was released from federal prison in 1982 after serving less than one year for income tax evasion, presently oversees a sports bookmaking operation in Manhattan. Soldier Frank Cannone, of New York, currently operates a sports bookmaking operation in Binghamton. Soldier Anthony J. Musco of Endicott, New York, was the business agent and is presently the steward of a teamster local in Binghamton, New York.

The Bufalino Crime Family continues to shrink in membership, the result of select prosecutions and, more importantly, generational attrition. Those Family members who remain criminally active appear to operate autonomous of any central control. What we find interesting is that D'Elia, who was "employed" recently as a "night watchman" during the construction of the Philadelphia Industrial Correction Center, is meeting with members and associates of the LaRocca Crime Family in Pittsburgh. D'Elia appears to be an "up and coming" Family member who is central to Bufalino's control of the Family. Nonetheless, the influence and power of this Family has waned over the years, primarily because no "new blood" has been recruited or inducted, and the leaders of the Family are relatively old, dying, and/or incarcerated. Caporegine Guarnieri, who is in Florida under indictment for narcotics-related charges, in a conversation, subsequent to the indictment of Commission bosses in New York, states, "there's no more hiding; they [the government] can get us no matter where we go"; a tribute, albeit, from a gangster, to the efforts of law enforcement.

**The LaRocca Crime Family**

The LaRocca Crime Family operates primarily in Pittsburgh, Pennsylvania, and the southwest sector of the state. The current "boss" of the Family is Michael Genovese, age 68, of Gibsonia,



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Pennsylvania, who succeeded John LaRocca in 1984 after the latter's death from natural causes. John Bazzano, Jr., age 60, of McMurray, Pennsylvania, became "underboss" when Joseph N. Pecora died in March 1987.

The LaRocca Family membership has diminished over the years, chiefly the result of generational attrition. Besides the deaths of LaRocca and Pecora, "caporegime" Joseph Regino and "soldiers" Louis Volpe, Samuel Fashionatta, and John Fontana have all died within recent years. "Soldiers" Joseph Sica, age 67, and Michael Trafficante, age 80, are both considered retired. Genovese has recently initiated a recruitment campaign to replenish the Family ranks.

**The Magaddino Crime Family**

The Buffalo, New York, based Magaddino Crime Family, formerly headed by the late Stefano Magaddino, has historically exerted a significant degree of control over criminal operations in Erie, Pennsylvania.

Although many elderly members of the Family have remained residents of Erie, their status within the Family is probably best described as "retired."

The fact that former "LCN informant" Raymond Ferritto was able to operate a large-scale gambling operation in Erie without syndicate retribution may indicate that Erie is most probably an "open city" subject to no control by the traditional syndicates. Ferritto was, of course, a government informant, who had testified against James Licavoli, boss of the Cleveland LCN Family, John Colandra, and Tony Liberatore in the murder of Danny Green, the Irish "mob boss" in Cleveland, Ohio. Despite Ferritto's testimony and his eventual defection from the witness protection program, Ferritto runs one of the largest gambling operations in Erie, PA.

Joseph Todaro, of the Buffalo, New York, Crime Family, had been seen meeting with Nicodemo Scarfo and Edward Sciandra in Florida, lending support to intelligence data indicating Todaro has assumed control of the Magaddino Family.

**ORGANIZED CRIME ENTERPRISES: BLACK AND HISPANIC**

It is appropriate at this time to establish a definitional distinction between the Italian-American criminal organizations, or "crime families", previously described and other organized crime groups or criminal "enterprises" which function in the illicit market.

In Rackets Bureaus: Investigation and Prosecution of Organized Crime, Blakey, et al define organized crime enterprises as "criminal groups...that provide illicit goods and services on a regular basis." In contrast organized crime "syndicates" are defined as:

> Criminal groups that regulate relations between various "enterprises." They may be metropolitan, regional, national, or international in scope. They may be concerned with only one field of endeavor or they may be concerned with a broad range of illicit activities. A "syndicate," therefore, is a criminal cartel or business organization. It fixes prices for illicit goods and services, allocates black markets and territories, acts as a criminal legislature and court, sets criminal policy, settles disputes, levies "taxes," and offers protection from both rival groups and legal prosecution.

Whereas the traditional Italian-American "crime families" satisfy the aforestated criteria of a crime "syndicate," the black and Hispanic criminal organizations which I am about to describe are characteristic of criminal "enterprises" vis-a-vis criminal "syndicates."

In much the same manner as the Italian-American crime syndicates evolved within the Italian communities of our major cities, black and Hispanic criminal enterprises evolve within their communities. Similar to legitimate entrepreneurs, the black and Hispanic criminal enterprises are established so as to satisfy the market demand for particular illicit good or service and take advantage of opportunities for the moment. Historically, the illicit goods or services provided by these enterprises have been gambling and narcotics. I will begin by discussing gambling.

Within most black communities of any sizable population, there exists illegal lottery operations commonly called "numbers." Similar to the state controlled lottery, a bettor is permitted to choose his own three-digit number and usually receives, upon winning, 500 to 600 times the amount of the denomination wagered. Unlike the state, the amount the bettor can wager is not fixed, and in many instances, he is extended short-term credit. These distinctions, coupled with a certain degree of convenience, has allowed illegal numbers operations to continue to flourish, despite the creation of legalized, state operated competitors. In fact, evidence suggests that legalized gambling may encourage and expand illegal gambling to persons heretofore never involved in gambling.

The financiers of the illegal lotteries are called "numbers bankers" and their employees are called "numbers writers." Although some numbers writers accept bets on the street, major numbers operations use fixed locations, called "lead houses" in Philadelphia. These "lead houses" are generally grocery or variety stores where people can place their numbers bets with the writer. Lead houses often employ a doorman who allows customers to enter, watches for police, and warns the other employees of a potential police raid. As one might suspect, this characteristic of the business invites police corruption as a necessary expenditure so as not to disrupt the flow of business.

In major cities such as Philadelphia, there can exist as many as twenty separate, yet economically interdependent black numbers bankers. This economic interdependence, which is based upon the need for bankers to reciprocate in the exchange of excessive wagers on any one number, has led to what can be termed a "closed industry." There are very few new entrants into illegal lottery. Most bankers remain in business for relatively long periods of time and then usually transfer the business to a relative or loyal employee. Uninvited competition can effectively be deterred via a discrete phone call to the police.

Some of the more significant black numbers bankers in Pennsylvania are:

- Richard Spraggins - a numbers banker whose primary area of operation is North Philadelphia and Germantown. Spraggins has expanded into loansharking, and cocaine and heroin distribution.

- James Walton Nichols - a numbers banker whose primary area of operation is West Philadelphia. Nichols employs in excess of forty "street writers." It is estimated that his operation has grossed in excess of ten million dollars annually. Nichols has branched out into cocaine distribution.

- Clifford Ballard - a numbers banker whose primary area of operation is North Central Philadelphia. Ballard utilizes seven to ten "lead houses" at which his customers can place wagers.

- Charles and Junious Blackwell Sr.- both are partners in a numbers operation which operates primarily in Northwest Philadelphia and utilizes three to five "lead houses."

- William Edwards - a numbers banker whose primary area of operations is West Philadelphia although he employs "street writers" from other Black populated areas of the city. Edwards utilizes at least five "lead houses."

- Isiah Ford - a numbers banker who operates primarily in Northwest Philadelphia and utilizes as many as ten "lead houses."

Black and Hispanic enterprises which deal in the distribution of drugs are characteristically different from their gambling oriented counterparts. The lucrative profits derived from this illegal commodity are usually offset by the increased risks associated with violent cut-throat competition, "rip-offs," and law enforcement interdiction. A credible reputation for the use of violence is essential to a large-scale and continuing enterprise's success.

Roland Bartlett, who, prior to his arrest in March 1987, operated one of the largest, if not the largest, heroin distribution enterprises in Philadelphia, effectively enhanced his reputation as someone who should not be "taken lightly."

Bartlett, 43, was known for his violent proclivities, having having hired two of his associates to murder his neighbor who had

filed a municipal complaint about Bartlett's dog. Bartlett is currently awaiting retrail on conspiracy charges (first trial resulted in hung jury) related to this incident. Bartlett began as a street dealer, worked his way up, until he developed connections with the New York-based Gambino Crime Family for direct purchases of heroin. Bartlett is, in a sense, a "rags to riches" story of "material success," similar to Leroy "Nicky" Barnes who became New York City's largest black heroin trafficker. Upon his arrest, Bartlett owned several residences in the Philadelphia area; a $750,000 home in New Jersey; two homes and property in a Susquehanna County resort development; the Club Fleetwood in Philadelphia; twelve racehorses and thoroughbred breeding horses; two Mercedes Benz automobiles and other autombiles; various men and women's jewelery; and communications and counter surveillance equipment worth approximately $1.75 million. He controlled as many as thirty-five workers, developed an organizational structure, and had the physical presence to inhibit any incursions into his territory. Bartlett did not fear, nor did he pay a "street tax" to the Scarfo LCN Family in Philadelphia. He was not intimidated by any overtures by the Scarfo Family to exact a "street tax." Bartlett operated independent of Scarfo's influence, and developed a significant presence and support within the black community. A "local hero" in many respects, Roland Bartlett is indicative of the numerous black criminal entrepreneurs that have emerged through narcotics in the last decade in our major urban centers. They represent, if you will, role models for some black

youth, who see no other means of upward mobility. Bartlett "made it," albeit, through the criminal exploitation of his own community. Equally as significant, however, is that the government has successfully prosecuted Bartlett on drug-related charges and his ill-gotten proceeds have been seized, taking away not only his liberty, but what may be even more valuable to him--his possessions.

The levels of sophistication characteristic of these enterprises cannot be understated. Major narcotics distribution organizations, such as Bartlett's, separated the division of labor into salesmen, cutting crew supervisors, and enforcers. Recruitment into the organization required a criminal act, in some cases the committing of a murder, so as to demonstrate loyalty. Members carried beepers and avoided long telephone conversations that could be traced or tapped by law enforcement authorities.

Recently, another black criminal organization which refers to itself as the "Junior Black Mafia" has emerged in Philadelphia. This group is primarily involved in cocaine trafficking. Leaders of this group are Robert Mims, an inmate at Graterford Prison and former member of the Black Mafia in Philadelphia during the late 1960's and early 1970's; James Madison, head of the West Philadelphia faction of the group; and Michael Youngblood, leader of the group's North Philadelphia members. There are between 30 to 35 members in the group, some of whom reportedly paid an

initiation fee of $1,000. There are indications that potential members were screened and only those without criminal records were being recruited.

Some members of the Junior Black Mafia have been flaunting their affluence in their communities. They have been observed wearing rings featuring the initials "JBM" encrusted in diamonds, and driving luxury dark-colored vehicles, such as BMW's, Mercedes, and Jaguars.

Most significantly, members of the Junior Black Mafia have been observed meeting with Joey Merlino, son of LCN member Salvatore Merlino. Reportedly these meetings are arranged to discuss means of controlling cocaine trafficking by blacks and whites in the Philadelphia area. Junior Black Mafia members have been extorting some established black street dealers for the privilege of selling cocaine at various street corners in Philadelphia.

Some of the more significant black narcotics traffickers operating in Pennsylvania are:

- Alfred Viner - a distributor of heroin and cocaine in West Philadelphia whose source of supply is New York City.

- David Holmes - a distributor of cocaine and marijuana to West Chester, Downingtown, and Coatesville. Holmes' source of supply is Florida.

- Richard Jones - a distributor of heroin and cocaine in Northwest Philadelphia.

- Willie Rispers - the largest distributor of heroin to Philadelphia, replacing Roland Bartlett, whose "Family" network was interdicted by federal authorities in March, 1987. Rispers not only distributes on the retail level, but is the primary wholesaler to many of the lesser scale distributors, previously mentioned. Recently, Rispers pleaded guilty to federal income tax evasion and is awaiting sentencing.

- Marcus Howell - a major distributor of heroin in Pittsburgh, Howell is presently incarcerated, yet his distribution channels continue to operate under the supervision of his second in command, Alvin Duwan Frazier.

- Darryl Nelson - a distributor of heroin, cocaine, and marijuana in the city of Pittsburgh whose source of supply is New York City.

- James Brown - a distributor of heroin in Pittsburgh whose source of supply is also New York City.

- Cyler Reynolds - a distributor of heroin to Pittsburgh's Hill District, the North Side and Homewood sections.

- Eric and Thomas Jones - brothers who operate one of the largest heroin and cocaine network in Chester, distributing drugs out of the William Penn Homes public housing project.

- Warner, Anthony, and Philip Brooks - brothers who distribute heroin and cocaine at the Ruth L. Bennett Homes, Chester, a public housing project.

- David Brightwell - Chester, PA, heads an organization that is becoming increasingly significant in heroin trafficking.

- Charles Winfield - distributes cocaine in the Harrisburg, PA area.

In the city of Philadelphia, cocaine distribution has become so saturated with competitors that the Hispanic drug distribution enterprises control the sale of cocaine on specific street corners and label their product with colored tape so as to distinguish their product's quality from that of competitors.

The Hernandez brothers' cocaine distribution enterprise of Philadelphia, which was recently interdicted by law enforcement, employed an accountant whose job it was to keep the payroll records of their retail street salesmen. These salesmen were

salaried employees of the organization who received a shift differential in their salaries, depending upon whether they worked day or evening hours.

The principal Hispanic cocaine distribution organizations which operate in Philadelphia are:

- George Garcia - leads a cocaine distribution organization whose retail distributors operate on the corners of 9th and Luzerne Streets and Marshall and Butler Streets. Garcia's organization distinguishes its product from competitors by labeling user dosages with green tape.

- Jose Rosa - heads a cocaine distribution organization whose retailers operate from the corners of 8th Street and Butler, 8th Street and Erie, Darien and Erie, Darien and Butler, and Franklin and Butler. Rosa distinguishes his product by labeling user dosages with blue tape. Rosa is presently incarcerated. His operation has been assumed by Jose Aroya. Rosa's wife Jeanette, supervises retail distributors who operate from the corner of Pike and Darien and label user dosages with white tape.

- Frank Rivera - heads a cocaine distribution organization whose retail distributors label their user dosages with red tape and operate from the corners of Lehigh and Cambria Streets, Darien and Pike Streets, and 9th and Pike Streets.

- The Hernandez Brothers - Jose and Angel operate a major cocaine distribution organization whose retailers operate primarily in the Hunting Park section of Philadelphia. The Hernandez organization labels its product with yellow tape. In February 1988, the Hernandez Brothers pleaded guilty to charges that they operated a continuing criminal drug enterprise.

## OUTLAW MOTORCYCLE GANGS

The two major outlaw motorcycle clubs which operate in the Commonwealth of Pennsylvania are the Warlocks and the Pagans. The Pagans are a much larger organization than the Warlocks and are nationally represented. The Pagan's maintain chapters as far west as Texas, as far north as New York, and as far south as Florida. Within Pennsylvania, the Pagans have local chapters in Delaware Valley, Philadelphia, Oxford, Lehigh Valley, Reading, York, Lancaster, Greensburg, Fayette City and Pittsburgh. The Warlocks are represented primarily in the southeastern sector of the state. Both clubs are structured and all members are subject to strict discipline and monetary dues requirements. These clubs are active in the distribution of drugs, specifically methamphetamine and cocaine.

A select number of the clubs' members and associates are accomplished "cookers" or chemists of methamphetamine. The manufacture of methamphetamine is a costly procedure requiring the expensive controlled substance P2P (Phenyl-2-Propanone) as a precursor. Once the product is processed, it is provided to the club's membership who conduct retail sales. Within the Pagan organization, all drug distribution, whether it be methamphetamine or cocaine, is controlled by the Mother Club which is represented in each chapter by a Mother Club member or advisor. The Mother Club ultimately receives a portion of the revenues derived from each chapter's drug sales.

The Pagans have utilized violence so as to intimidate their competitors in the drug trade.

Recently, four Pagan members pleaded guilty following an indictment by Federal authorities on charges that they tried to control the sale of methamphetamine in Chester County. They sought control through an organized policy of beatings, assaults, and death threats toward any retail methamphetamine distributor who did not purchase his supply from the Pagans.

The Pagans Motorcycle Gang is a well-structured organized group with it's highest concentration in Pennsylvania. The governing body of the club is known as the Mother Club Chapter.

The National Officials are: National President: Merle "Jackpot" King; Pennsylvania; National Vice President: Roland "Petey" Cline, Pennsylvania; National Secretary/Treasurer: Samuel "Roach" Avampato, Pennsylvania; and National Sergeant-at-Arms: Daniel "Dirty Dan" Delp, Ohio.

Although Merle King has been identified as wearing the "colors" of the national president, intelligence indicates that Kerby "Bear" Keller, from Pennsylvania, is the true leader. Keller appears to be directing the activities of the club but has given up wearing the national president "colors" to avoid law enforcement pressure.

These four national officers oversee eleven Mother Club advisors, five of whom are from Pennsylvania.

Each of the eleven Pagan chapters in Pennsylvania is run by chapter officers consisting of a president, vice president, secretary/treasurer, and sergeant-at-arms.

ASIAN ORGANIZED CRIME

My discussion of Asian organized crime within the Commonwealth of Pennsylvania will pertain to the Philadelphia metropolitan area and will be segregated by Chinese, Vietnamese, and Korean criminal groups.

Asian influence in organized criminal activity is nothing new. Historically, Asians have played a significant role in the evolution of organized crime in America, despite recent pronouncements to the contrary. Nonetheless, not until last year did we find their influence extending beyond the borders of Chinatown. It is estimated that at least 40% of the heroin in the United States is imported and distributed by Chinese criminal organizations. This suggests that the Chinese have gained a substantial hold on the heroin market, once predominantly a La Cosa Nostra monopoly. Moreover, we are finding greater interaction between black, Italian, and Chinese criminal networks than we had in the past. Thus, it is important that we begin to recognize the significance of these criminal networks and develop a strong intelligence base for successful prosecutions.

Chinese Tongs

Philadelphia's Chinatown is dominated by three major tongs or merchants' associations; the Hip Sing Tong, On Leong Tong, and Tsung Tsin Association. These tongs are represented nationally in most major cities with a significant Chinese population. The Philadelphia tongs appear to maintain a subservient relationship to their New York City counterparts.

In Philadelphia, these associations or tong have a history of involvement in illegal gambling casinos whose clientele is limited almost exclusively to Asians. The casinos employ as many as twenty people who function as doormen, guards, dealers, and money counters.

These casinos are "high-stake" operations, featuring games such as pai gow, fan tan, mah-jongg, thirteen-card poker, and blackjack. The casinos are operated at the associations' headquarters or on association-owned property. Key members of the associations control the casinos and the associations retain the profits.

Each tong employs a specific street gang to protect its casinos from robberies and extortion from other Asian groups. The Hip Sing Tong, On Leong Tong, and Tsung Tsin Association in New York are affiliated respectively with the Flying Dragons, Ghost Shadows, and Tung On Boys street gangs. When the Hip Sing Tong and On Leong Tong in Philadelphia were extorted by a Chinese street gang in early 1987, each Tong sent a representative to their parent association in New York City, who responded by sending gang members from New York City to Philadelphia to provide protection.

It appears that Chinese organized crime is very well run in Philadelphia, and that one of the major figures is Tom Min Ling, Aka John Tom, 216 North 9th Street, Philadelphia. Tom, formerly identified as a member of the "Flying Dragons" in New York, is well-respected in the Chinese community, and maintains frequent liaisons with tong associates in New York City.

He is a prominent figure in the operation of the Hip Sing Tong's Casino. Another major figure is Wai Sin Yeung, under whose leadership the Tsung Tsin's casino has grown to be the largest in Chinatown.

Chinese gang members who came to Philadelphia to extort restaurants have been arrested by the police, and we have not witnessed the internecine violence that has beset San Francisco's and New York's Chinatowns. There appears to be an "understanding" between the Philadelphia and New York tongs, that Philadelphia is a "safe city," and should not be disturbed or undergo displays of public violence.

## Vietnamese Street Gangs

Vietnamese street gangs, consisting of members in their late teens and early twenties, have evolved in most cities with sizable Vietnamese populations. In Philadelphia several gangs have been identified, each with about 20 to 30 members.

The Vietnamese gangs have been extorting money from Asian merchants in Philadelphia. Often, gang members "borrow" money repeatedly from merchants with no intentions of repaying. Sometimes they will run up tabs in restaurants and leave without paying their bills. Other gang members are involved in narcotics trafficking, armed robberies, assaults, and residential and auto burglaries. Many gang members commit crimes to support their drug habits.

Transient Vietnamese gangs have also appeared in Philadelphia. A mobile Vietnamese gang robbed a massage parlor in Chinatown in November of 1986 and four members were arrested the same day in Connecticut with more than $17,000 in cash.

## Korean Criminal Organizations

The organization of crime within the Korean community in Philadelphia appears to be very narrowly circumscribed. Essentially, Korean organized criminals are involved in the prostitution rackets, running several massage parlors. Our investigative efforts have identified the following massage parlors as locations where prostitution is occurring:

- Orient Studio
  1437 Vine Street
  Philadelphia, PA

- Oriental Delight
  1812 Ludlow Street
  Philadelphia, PA

- Fun City
  6 N. 19th Street
  Philadelphia, PA

- Mimi's Health Club/Bangkok Health Spa
  1017 Spring Garden Street
  Philadelphia, PA

**An Analysis of Law Enforcement's Efforts Against Organized Crime**

Let me begin by saying, law enforcement primarily at the Federal level, and with some notable exceptions at the state level, have taken a Herculean step toward addressing the systemic nature of traditional organized crime, commonly referred to as the Mafia or La Cosa Nostra. At no time in the history of law enforcement has there been such an effective, concerted, and directed effort against the LCN. Let's look at the evidence that leads me to this conclusion:

- In New York, the "bosses" of the five LCN "Families" have either been convicted and sentenced to lengthy prison terms, or are under indictment.

- In New Jersey, the "boss" of the "Luchese Family" and twenty members/associates are on trial for their involvement in illegal gambling, narcotics, and murder in the "Garden State."

- In Pennsylvania, Nicodemo Scarfo, the "boss" of the former "Bruno Crime Family" is incarcerated and facing the death penalty. The "boss" of the "Bufalino Family," Russell Bufalino is in Federal prison; and John LaRocca, the "boss" of the "LaRocca Family" recently passed away.

- The Federal government is in the process of initiating a RICO case against the Teamsters Union. In New Jersey, the mob-infested Teamsters Local 560 is under a court-appointed trustee.

- A RICO indictment has been brought against the "Bonanno Crime Family" in New York, as well as the Fulton Fish Market (N.Y.).

I can go on and on across the country. The evidence is overwhelming: the LCN has been seriously destabilized and, given the competition that it now has in illegal markets, it is questionable whether it will ever gain its previous dominance in the illegal economy again.

Mr. Chairman, not only have the efforts of government been effective at destabilizing the LCN, they have proven that the system of criminal justice can be tasked with this onerous responsibility of controlling organized crime and respond accordingly. But I dare say, I do not believe that we have learned from our successes and failures of the past.

In 1967, the President's Task Force on Organized Crime strongly recommended that law enforcement invest in strategic intelligence. Some twenty years later, we find that law enforcement is no better at identifying, structuring, or assessing what we shall call "new," "emerging," or "ignored" organized criminal groups than we were in 1967. That is, it took us some 40 years to play "catch up" with the LCN, and we are decades behind in assessing the capabilities of other criminal organizations. We have initiated criminal prosecutions against some of the individuals who comprised these groups, but there is little understanding of the scope, dimensions, or capabilities of these groups. The term "intelligence" has taken on a number of conflicting meanings, most of which are negative and reflect unfairly on this most vital process. To a large extent, the unwillingness or inability of law enforcement to recognize and infuse analytical functions into its intelligence activities--a recommendation of the 1967 Task Force--has retarded the sophistication and ability of intelligence units. I do not see this situation changing substantially in years hence.

Ironically, had it not been for the commitment made to assessing traditional organized crime, using our intelligence data bases and a variety of analytical skills, the successes we are witnessing today may never have come to fruition. Our continued ignorance of anything other than traditional organized crime is a direct outgrowth of our failure to invest in strategic intelligence.

Another important lesson of history depicts a second failure in our current efforts. Intelligence programs, hence organized crime control efforts, are only as good as the informational sources at their disposal. Unfortunately, the law enforcement community has been slow at accepting minority group members into its ranks, diminishing the effectiveness of its information-collection efforts. Black, Hispanic, and Asian criminal organizations are part of the organized criminal landscape. Nonetheless, our knowledge of these groups is quite primitive at best. There is a need for a greater commitment among organized crime units to recruit minority-group members into its ranks. Absent this infusion of "new-blood," we are likely to again witness a forty year period of "benign ignorance."

Lastly, it is important for law enforcement to recognize that the days wherein investigators and attorneys could function independent of one another are quickly coming to an end. Again,

the historical evidence, while short-lived, is convincing: RICO prosecutions are the direct result of a mutually-cooperative role between investigators and prosecutors. The bulwark of the Federal effort against organized crime has been the RICO law. We need investigators who are proficient in collecting evidence necessary for RICO prosecutions, and attorneys who possess the legal skills to bring these cases to a successful conclusion. RICO is a complex statute that requires a mutual understanding as to the elements of the law. It can not be used effectively if attorneys are excluded from the investigatory process. States like New York, Arizona, Florida, and New Jersey have recognized this and developed institutional structures to accommodate this reality. We must encourage this type of "task forcing" if we are to continue in the footsteps of the Federal authorities who have perfected this investigative technique.

On November 14, 1957, an obscure New York State Trooper, Edgar Crosswell, uncovered the so-called "Apalachin Convention." That was thirty-one years ago. The power, prestige, and vitality of these crime families are waning, but the threat of organized crime is ever-as-much serious and real. Whether organized crime was predominantly controlled by LCN as was indicated in the 1967 Task Force Report, or we chose to ignore the other groups that were involved in organized criminal behavior, we can no longer afford another decade of "benign neglect." We in the law enforcement community must have at our disposal, intelligence,

investigative, and prosecutorial resources to encumber those criminal organizations which are equally as powerful and deleterious to the social fabric of our communities, as was the LaCosa Nostra.

Thank you.

**Additional Questions for the Hearing Record**

**Organized Crime Hearings**

**Pennsylvania Crime Commission**

Q1. Are the problems which you outlined in the Scarfo Family endemic to the LCN as a whole? If so, will this changing membership make LCN a more formidable foe, or will it reduce its effectiveness as a criminal syndicate?

A1. The decline of the Scarfo LCN Family is unique in some respects. First, of course, we in the law enforcement community in Pennsylvania benefited from the relatively inept leadership of Nicodemo Scarfo. His short-lived reign as a viable "boss" of an LCN Family was marred by a series of significant criminal prosecutions, his own incarceration for better than 50% of his time as boss, and an inclination toward violence that resulted in two trusted members of his family becoming government witnesses for fear of being his next victims.

Secondly, it is important to recognize that, unlike New York City which has five LCN families within its borders, Philadelphia only has this LCN Family. When 20% of its membership is decimated through internecine violence, the impact on the stability and vitality of the Family is placed in serious jeopardy. Such is not the case in other regions of the country.

Lastly, the influence of the Scarfo reign with the LCN Commission is not what it was during Angelo Bruno's tenure as boss. Clearly, the Scarfo Family does not have the stature with the New York LCN families, which dominate this Commission, that Scarfo's predecessors did. This has certainly impacted on this Family's capacity to be as autonomous from the New York influence, as was the Bruno Family.

Nonetheless, law enforcement, not only in Pennsylvania, can take pride in the fact that the role of the LCN is not what it once was. Demographic changes in the structure of the LCN (e.g., younger members who are greedier and lack the commitment to cultural loyalty) and competition in the narcotics markets have, among other variables, placed the predominance of the LCN in a very inevitable position. Coupled with the vigorous RICO prosecutions of the LCN, we are certain to witness a decline in the relative position of superiority the LCN once maintained nationally.

Q2. Do you believe that Congress should amend the RICO statute in any way to make it a more effective tool for law enforcement?

A2. The RICO statute as currently written and applied has proven to be a formidable legal remedy against organized crime. It recognizes, quite appropriately, the reality of enterprise crime; the role of organized crime in the infiltration and takeover of legitimate business; and the use of fraud as a predicate crime in many organized crime prosecutions. Clearly, the judiciary has within its power the legal authority to address the aberrations of RICO's application if and when it sees fit to do so.

Q3. Should the Federal Government focus its efforts on educating Federal, state, and local prosecutors and law enforcement personnel in the proper use of the RICO statute? Is the statute being adequately used, in your opinion?

A3. There is no doubt but that the Federal government has a role in educating state and local prosecutors to the nuances of RICO prosecutions. Clearly, more could be accomplished if the Federal government enlisted the assistance of the state and local prosecutorial agencies.

Q4. In your statement, you discuss the extortion of two real estate developers by the Scarfo Family and a member of the Philadelphia City Council. Would you consider this to be a labor racketeering case or the Scarfo Family's use of their political connections -- or both -- to control an industry? Is this typical of the way an LCN family uses its political and labor resources?

A4. The extortion of Willard Rouse et.al. is, in essence, what organized is all about. The business of organized crime is plain and simple: extortion. Whether it be gamblers, pimps, narcotic traffickers, or legitimate businessmen, extortion is, in fact, the critical organizing element. Whether it uses its political influence, as in the case of Rouse et.al., or through threats of violence or actual violence forces corrupt concessions, the bottom line is: business suffers andd the quality of life ultimately declines.

Q5. What emerging -- or non-traditional -- organized crime groups merit Federal law enforcement attention at this time? What parameters should be set to institute Federal efforts against a particular group?

A5. It may be appropriate to suggest that the term "emerging groups" be referred to as "ignored groups" as well. It is certainly unfair to suggest that the LCN is the only form of organized crime in the United States. Black criminal syndicates, such as that of Leroy "Nicky" Barnes, Frank Lucas AKA "The Country Boys", Roland Bartlett, and others, represent a viable organized crime threat. Equally as threatening are Hispanic criminal organizations, such as that of Jose Battles; and of course, Asian criminal organizations represent a continuing organized crime threat; one that existed as early as the early 1900's in this country. All deserve attention and increased vigilance by law enforcement.

As to the parameters that should be met before instituting an enforcement action, clearly the proclivity toward corruption of our government institutions; the impact on the economic, political and social institutions and the attendant quality of life in a particular geographic area; and the resortion to the use of violence to further their goals of monopoly control of an illicit market, represent the essential ingredients that should be considered before allocating the finite operational resources of the Federal government.

Q6. Can you define any interrelationships between the traditional and the emerging, non-traditional organized crime groups? Do they engage in criminal activity on a partnership basis; or do they deal with each other out of necessity? Is LCN always the CEO of the enterprise?

A6. There are, in some instances, working relationships between LCN families and other ethnic and non-ethnic criminal organizations. For the most part, criminal organizations tend to be insular, dealing primarily with their own. This affords them the security that they all strive to protect, and maintains the cultural solidarity which cannot be underemphasized. It is this cultural solidarity that often impedes the capacity of law enforcement to infiltrate these criminal groups.

In Philadelphia, we have found members of the Junior Black Mafia (JBM) meeting and working with younger members of the Scarfo Family. We have also witnessed interactions between Scarfo Family members and outlaw motorcycle gangs, as well as Colombian cocaine traffickers. Asian groups still maintain a relatively safe distance from other groups, although this is not so much the case as it once was. Of course, much of this is out of necessity, for some criminal organizations bring to the relationship a monopoly on the product or service offered. In other cases, partnerships evolve between criminal organizations to maximize profits. The LCN is not the CEO in the relationship, particularly when it involves narcotics.

Q7. What strategy would you advocate to maximize the resources of Federal, state, and local law enforcement authorities in the investigation of an organized crime group?

A7. There is no one strategy to address the recurring problem of organized crime. A variety of strategies must be employed. Nonetheless, there are certain fundamental principles that must be met.

First, intelligence systems that provide for strategic and tactical assessments of th scope and dimensions of organized crime are a must. Without intelligence, organized crime control is reactionary, opportunistic, and more than likely, symbolic. Moreover, measuring the impact of enforcement and its effect on market conditions is virtually impossible without this vital tool.

Second, there is now, more than ever, the need to marry prosecutors with investigators. No longer can the law enforcement community continue to pursue diverse and sometimes competing objectives, with no real appreciation for the legal implications of its actions. Sophisticated enterprise prosecution requires an organization and mobilization of investigative and prosecutorial resources.

Last, state law enforcement represents the first line of defense against organized crime. Without a state program which addresses the multi-jurisdictional reality of organized crime, as well as the need for a unified, coordinated, proactive approach to organized crime, failure is all but guaranteed. There is a legitimate state role in organized crime control, and one that must be acknowledged by state and local public officials. Ultimately, the business climate and the quality of life suffers, when the state abdicates its role to the Federal authorities.

Q8. In your statement you indicate that the Bufalino Family is in a state of decline due to the age of its members, failure to "make" new members, and prosecution. Will this Family die out? If so, what group is in the position to take over their rackets? In your opinion, are there any other families in the same state of affairs?

A8. While we acknowledge the dwindling influence of the Bufalino LCN Family, we must be careful not to prematurely relegate it to its grave. William D'Elia is an active member of this Family, having established working partnerships with both the LaRocca/Genovese and Bruno/Scarfo Families. Edward Sciandra, the underboss, is a very active member of this Family, closely aligned with the New York and Philadelphia LCN Families. While Russell Bufalino remains in prison, it would be inaccurate to suggest that he has lost control of this Family. The fact remains that he continues to exercise control over this Family.

Nonetheless, there has been a noticeable decline in its size. There are only eighteen members of this Family, and its influence in the rackets is certainly not what it once was. Only time will tell whether Russell Bufalino's continued incarceration will forestall a resurgence of this Family, or whether there will be a consolidation of this Family with others. Surely, as the labor pool of new members declines because of certain demographic changes in our society (e.g., the acculturation process), coupled with the incarceration and ageing of the "older dons" and the gradual shift of power from local government to state government, the structure, solidarity, and insularity of the traditional LCN families will most definitely suffer.

Q9. What steps should be taken to bolster law enforcement's intelligence base in regard to organized crime?

A9. Recruitment of minority group members into intelligence units must become a top priority. Intelligence, if used properly, is a predictor of the future, as well as an interpreter of the past. It is not enough to rhetorically discuss these new, ignored, and/or emerging groups. We must develop an intelligence base that allows us to structure these groups out, define their illicit and licit revenue sources, and develop avenues into their most vulnerable points. This can only be accomplished through the recruitment of minority group members who can gain the access to and trust of those in the community who seek to enhance the quality of life in the community.

Q10. You recommend that an attorney be incorporated into the investigatory process of a RICO case. What institutional steps can be developed to insure than an attorney is made an integral part of the investigation?

A10. As I stated earlier, it is imperative that the investigative and prosecutorial elements of the process be joined together. This can be accomplished at the state level with Attorney General's offices playing the lead role in organized crime control, establishing both criminal and civil RICO units. Investigators from other state agencies could be assigned to these units. Accountants, analysts, and other disciplines should be made part of these units, and their focus should be narrowly circumscribed toward enterprise crime.

Q11. In your opinion, what can Congress do to help law enforcement in its efforts against organized crime?

A11. Congress must provide both the financial incentives for states to enter "the war against organized crime" as well as heighten the sensitivities of the citizenry to the reality of organized crime. Congress should also provide monies to experiment and then study the results of creative organized crime control programs, and pursue alternative civil remedies. it is not sufficient for Congress to evaluate organized crime control efforts on criminal prosecutions alone. Civil, regulatory, and administrative approaches must also be encouraged and pursued.

Q12. What types of narcotics are the different families involved in? From where do they obtain the narcotics?

A12. The LCN Families, contrary to the self-proclaimed abstinence from involvement in narcotics, have been and continue to be involved in drug trafficking. Marijuana, cocaine and heroin are their principal drugs of choice; however, P2P, a precursor for methamphetamine, is also trafficked in by certain LCN Families.

In some cases, these Families have direct sources of supply from European and third-world counties, and in other cases, they enter into partnerships with other criminal networks.

Statement of Ronald Goldstock,
Director of the New York State Organized Crime Task Force,
before the
Senate Permanent Subcommittee on Investigations
April, 1988

## Introduction

The Committee Staff has asked me to address four different topics: the reasons for the recent success in the fight against organized crime; the challenges lying ahead in that effort; the approach we take to the problem at the Organized Crime Task Force in New York; and the appropriate role of the federal government in relation to state and local law enforcement efforts.

## The Recent Successes

An analysis of the dramatic recent successes against Cosa Nostra in New York illuminate a number of practical implications for the future of organized criminal activity. Such an analysis properly begins at the turn of the century

and utilizes perspectives of history, sociology and law enforcement. The sociological perspective is important because, in ways and for reasons primarily unrelated to law enforcement efforts, the people involved in traditional organized crime have undergone considerable change. The law enforcement perspective is equally important, however, because of the impact of new attitudes held by those investigating and prosecuting organized crime, both about the nature of their work and about the new techniques at their disposal.

Early History. More than two million Italians arrived in this country during the mass migration at the turn of the century. As was typical of any sizeable emigration, scattered among the overwhelming majority of the decent and hard-working were a number of criminals. In the case of these new arrivals, some of the criminals were members of ingrained and feared southern Italian secret societies -- the Sicilian Mafia and the Neopolitan Camorra.

In the United States, Italians settled in "Little Italies," where they were able to speak their language, retain their traditions, and maintain some sense of familiarity and comfort. These enclaves provided a natural

setting for the criminal element among the immigrants, which sought to prey upon members of its own group. Some criminals operated individually, although in many cases practicing extortion under the shared insignia of the Black Hand. Others, however, formed gangs, often neighborhood based, which engaged in a variety of organized criminal activities.

By the 1930's, the gangs coalesced around two major criminal groups, one headed by Salvatore Maranzano and the other by Giuseppe Masseria. The result of the ensuing conflict between the two, known as the Castalmerese War, was the short-lived supremacy of Maranzano, who, together with his successor, Charles "Lucky" Luciano, formed the basic structure of what they called Cosa Nostra ("Our Thing").

Significantly, Cosa Nostra is not a subsidiary or subdivision of the Sicilian Mafia. Instead, it is a distinctly American organization which, while drawing on Mafiosa traditions, developed in response to the unique social forces and culture of the New World. Nonetheless, those who comprised Cosa Nostra at its inception were the possessors of Nineteenth Century Old World values. Like the Mafia, Cosa Nostra was an "honored society." The ties that

bound its members together were those of kinship and respect.

Among the oaths taken upon entry into Cosa Nostra was that of omerta. This term, when translated, literally means "being a man," but in reality the oath of omerta was a code of silence, an agreement not to reveal, upon penalty of death, the secrets of "Our Thing."

It is a powerful indication of the strength of the Mob's value structure that for thirty years no one from inside the Mob broke that code. Even in 1963, when Cosa Nostra member Joseph Valachi testified before a Senate committee and explained the inner workings and structure of the families, he was viewed and indeed, saw himself, as a "stoolie" and a "rat." He was one who had violated the oath, and thus he was not deserving of respect. For years thereafter, he remained the only insider to have revealed the secrets of Cosa Nostra.

Beginnings of Change. While Valachi stood alone, the years of silence following his testimony saw the beginning of important changes. New soldiers were initiated into Cosa Nostra who were second and third generation Americans. These new members had grown up with a different system of

values: those of their contemporaries. They joined the Mob not because it was the honored society, but because it was a means by which they could profit financially. The ties that bound them together were not those of kinship and respect, but, in many cases, of dollars and cents. Over time, members of the Mob would be killed because they sold memberships to just such people.

These sociological changes were not particularly noticeable at that time, but they were occurring nonetheless. The infrastructure of the Mob was beginning to weaken.

Slow Start for Law Enforcement. At the turn of the century, crime in the Little Italies of America received little attention from law enforcement. Few Italians were police officers, and the non-Italians on the force understood neither their culture nor their language. Moreover, many Italian-Americans were predisposed to go elsewhere than government to solve their problems, having been raised without recourse to legitimate government, and thus with a dependency on other social institutions to serve their needs.

Even where attempts were made to bridge that gap, success was difficult to achieve. The New York City Police Department's "Italian squad," headed by the legendary Joseph Petrosino, lost much of its influence when its leader was killed by the Italian underworld during a visit there.

Federal authorities, with the exception of the Bureau of Narcotics, had virtually no involvement with organized crime after Prohibition. Indeed, for a long time the FBI denied the Mob's very existence. Whatever enforcement existed was at the local level, where in the 1930's Tom Dewey and Frank Hogan became the Rackets Busters.

Expansion of the Federal Role. By the beginning of the 1950's, changes were beginning to occur. The Kefauver Committee hearings in 1950 and 1951 awakened the public to the scope of the problem. In 1957, after the shooting of Frank Costello, the killing of Albert Anastasia and the Appalachin meeting, the FBI finally assumed a significant role. Between that time and the mid-60's, FBI bugs and wiretaps, used solely to gather intelligence, began to develop extraordinary information about Cosa Nostra families throughout the United States.

The McClellan hearings into labor racketeering in the late 1950's provided detailed information on Mob activities to committee members. One, Senator John F. Kennedy, became President in 1960; another, the Committee Counsel, Robert Kennedy, became President Kennedy's Attorney General. The Organized Crime and Racketeering Section of the Justice Department was revitalized immediately thereafter. This unit, comprised of some of the best and brightest prosecutors of the day and modeled after the Hogan Rackets Bureau, undertook the first serious federal anti-organized crime effort. Combined with the efforts of Kennedy-appointed U.S. Attorneys, in particular Robert M. Morgenthau of New York's Southern District, there existed the promise of significant change in Department policy.

That promise was to have to wait. On November 22, 1963, John F. Kennedy was assassinated. Robert Kennedy left shortly thereafter, Robert Morgenthau was fired from his job, and the Organized Crime and Racketeering program was allowed to wither.

As head of the Senate Judiciary Committee, however, Senator McClellan continued his work on the legislative front. His chief counsel, G. Robert Blakey, a former member of Kennedy's Organized Crime and Racketeering Section, knew

from first-hand experience what tools were lacking at the federal level. In 1967, he served on the President's Task Force on Organized Crime, and then in 1968 was principal draftsman of the Omnibus Crime Control and Safe Streets Act, which authorized court-ordered electronic surveillance at the federal and state level.

Two years later, in 1970, Congress passed the Organized Crime Control Act. This Act, of which Blakey was again principal draftsman, would revolutionize federal law enforcement's approach to organized crime. OCCA provided for, among other things, testimonial immunity, increased jurisdiction for the federal government in gambling enforcement, enhanced sentencing in organized crime cases, grand jury reports, the Witness Protection Program, and, most significantly, the Racketeer Influenced and Corrupt Organizations Act (RICO), a radically new legal approach to the investigation and prosecution of organized crime. With RICO, prosecutors had a tool specifically designed to deal with illicit enterprises. The target became the criminal syndicate (instead of individuals, against whom the war of attrition had seemed endless.) Civil remedies were made available to "Criminal Division" attorneys in their efforts. Strike Forces had recently been established to bring together federal investigative agencies and Justice

Department attorneys. It was tc take ten years, but ultimately Strike Force prosecutors began to understand how RICO could be used in sophisticated prosecutions.

Changes were occurring within the FBI. After the death of Hoover and the tragedy of Watergate, first Clarence Kelly and then William Webster changed the direction and focus of the Bureau. In the area of organized crime, they became aggressive and pro-active, and began to work effectively with local law enforcement. Perhaps most significantly, individuals at policy making levels within the FBI came to understand RICO both as an investigative tool and as a prosecutorial end.

The Effect of the Cultural Changes. Changes in law enforcement coincided with the sociological changes in the Mob. Financial considerations were paramount for the new Mob "yuppies," who sought quick monetary rewards but were unwilling to take the time to develop the skills and undertake the responsibilities of their predecessors. Older members looked down at the recent inductees with dismay. Indeed, there was a general recognition that Cosa Nostra had been fundamentally transformed.

By the late 1970's, for many family members, traditional values had been replaced by simple cost-benefit analysis. When faced with prosecution, forfeiture and incarceration, they chose instead to cooperate with law enforcement. They testified not only before Senate Committees, as Valachi had done, but at trials as well. By the mid 1980's, some were even willing to wear concealable recorders to gather evidence against their colleagues.

Ironically, instead of retreating from the limelight, several "elder statesmen" reacted to the changes in the mob by becoming media stars. The titles of the books they wrote characterized their attitude. Joe Bonnano was a "Man of Honor." Jimmy "the Weasel" Fratianno was "the Last Mafioso." To them, those who now comprised the Mob were no longer the legitimate heirs of the "honored society."

Today, the synergistic effect of the sociological and law enforcement changes has become apparent. The increased aggressiveness of law enforcement, using modern substantive and procedural law in a sophisticated way, has created new leverage against potential witnesses. And Mob figures, disenchanted with the organizations of which they were a part, choose to cooperate more and more frequently.

The result has been that entire crews and the upper echelons of Families have been indicted and convicted. Indeed, the Commission itself, made up of the heads of the five New York families, was treated as a racketeering enterprise, and its members convicted under the RICO statute. This process is continuing, with many new investigations underway and many prosecutions forthcoming.

The effects are dramatic. With the top people in prison, on trial, or awaiting trial, the Families are undergoing further dissolution. Vacated positions are being filled by members who have moved up without training and testing. More experienced and competent criminals, who in an earlier day would likely have assumed leadership positions, have sometimes stepped back rather than attract law enforcement interest. The Peter Principle is at work. The result is incompetence, factionalization, and friction.

The primary purpose of syndicates -- and this is what makes organized crime organized -- is to serve as a government for the underworld, providing services, allocating resources and territories, and settling disputes. With experienced leaders distracted by their prosecutions and new leaders having neither the ability nor the standing to operate effectively, internecine disputes have been grown in

number and seriousness, violence has become commonplace, and instability is evident both within and between families.

Moreover, inexperienced members who may in the past have run only a gambling or loan-sharking operation are now in positions of power within the Family. As a result, they represent its interests in complex legitimate industries characteristically comprised of large numbers of businesses, unions and criminal syndicates. In New York, examples include construction, carting, the waterfront, and the garment center. In the past, those who operated within these various entities, legitimately and illegitimately, reached numerous interlocking accords with each other, allowing them all to coexist. The new representatives of the families, however, unaware of the history and the reasons for past accommodations, often seek to use their new-found power to make changes in these delicate relationships that may temporarily increase their illicit profits, but also contribute to destabilization.

With instability at all levels and with continuing sociological change inevitable, if current law enforcement efforts are maintained in the next five to ten years the Mob is likely to be rendered totally unrecognizable from what it has been for the last seventy years.

## The Challenges Facing Law Enforcement

The challenges still facing law enforcement in the area of organized crime are, I think, three-fold. The first, already discussed, is to continue efforts against traditional organized crime groups. The second is to address emerging, ignored and non-traditional organized crime syndicates. The third is to address comprehensively the underlying criminal activity in which those syndicates engage.

Emerging Syndicates. It is essential that an analytic approach be undertaken which recognizes the distinctions between the various new organized crime groups based upon their differing origins, development, and criminal activities. The sociological perspective must thus be maintained as we move ahead into the next decade.

While there are a number of ways that these emerging syndicates can be analyzed, conceptually they tend to fall into five groups.

Ethnic Predecessor-Based Immigrant Groups. The first category is comprised of groups with histories similar to Cosa Nostra. The paradigm example is the Chinese Tongs.

They tend to be comprised of members of a single ethnic group from a country with a tradition of illegitimate and oppressive government. In part for this reason, social norms were largely medieval and feudal. Man and property were protected not by lawful authority, but by personal and family influence, by courage, and by self-reliance. Loyalty and solidarity were paramount values.

Groups were established in these countries which at the outset were nationalistic in their orientation, and which provided quasi-governmental services. These groups had the fear and respect of their populations during their formative years. As they matured, they gained power, and when that power corrupted them as power inevitably does, they found themselves involved in a wide range of extortive and predatory criminal activities.

Members of these groups came to the United States in mass migrations and tended to settle in ethnic enclaves. Some members retained the prominence they had attained in their predecessor organizations. As they became organized in this country, they preyed on members of their own ethnic groups. Over time, they also attained positions of prominence in local social institutions, giving them new opportunities to expand their criminal activity.

Urban Minority Drug-Based Groups. The second category is comprised of members of particular minority groups living in urban ghettos who developed substantial capital and power by dealing in narcotics. Certain black and Hispanic drug groups fall into this category.

Initially, these groups relied on the Mob for the importation of drugs. They had no choice, as they lacked the necessary contacts in source countries, the capital to finance multi-kilo loads, and the sophistication and corruption capability required for smuggling operations.

While many of their early operations were subjected to successful prosecutions, others continued to prosper. By the early seventies, a number of the minority group-based criminal enterprises had developed their own capital, cupidity and contacts to handle the importation, processing and distribution of heroin and other drugs.

The Hispanics, in particular, had friends, relatives, and common language in South America. At the same time, the Vietnam War took a great number of American blacks into Southeast Asia, where drugs and dealers were readily accessible.

Some of these minority drug-based groups developed tight structures of their own. Instead of Cosa Nostra-type affinity based on kinship, ties were formed which were based on neighborhood relationships. In many cases, the frightening specter appeared of "successful" crime figures being respected and even cheered by the very people on whom they preyed.

Gang-Based Groups. Third are the multi-crime gang-based groups, including motorcycle and prison gangs. Examples of motorcycle gangs are the Hell's Angels, the Bandidos, the Outlaws and the Pagans. Examples of the prison groups are the Aryan Brotherhood, the Mexican Mafia, La Nuestra Familia, and the Texas Syndicate.

It is more difficult to generalize about groups which fall into this category. Some of the motorcycle gangs have formally elected officers and regional chapters throughout the country. Notably, and in contrast with other organized crime groups, secretiveness is not highly valued. Indeed, they publicly proclaim their membership by the distinctive "colors" of their uniforms. These groups tend to be less tightly structured than those in the first two categories, however, with informal leaders often emerging and exercising more power than the elected officers.

Prison gangs were organized initially for self-defense and to provide services inside penal institutions -- protection, the sale of drugs and homosexual prostitution. In recent years, some prison gangs have come to maintain a structured existence both inside and outside prison. When inmate-members leave prison, they often provide support for colleagues who remain incarcerated. They also involve themselves in a broad range of criminal activity including narcotics, robbery, burglary, extortion, weapons trafficking and murder. As their names indicate, many of the prison gangs are organized along ethnic lines.

Multi-Crime Ethnic-Based Groups. Fourth are the multi-crime ethnic-based groups, which include organizations of Russians, Cubans (including the Marielitos), Israelis, and Irish.

These groups vary in the extent to which they are organized. Some have formal hierarchies, while others do not. Like other organized crime groups, however, they engage, more or less on a full-time basis, in a wide variety of crimes including not only drugs and gambling but also counterfeiting, fraud, and auto theft.

Members of some of these groups, such as the Russians and Marielitos, had prior criminal histories and were expelled from their countries as undesirables.

External Drug-Based Groups. Fifth are the external drug-based groups operating from a foreign country but selling heroin and cocaine in the United States. Some, like the Colombians, are vertically-organized cartels controlling narcotics trafficking from production to sale. Others, like the Pakistanis, are less sophisticated in approach.

Comments on These Emerging Groups. This analysis reflects the fact that organized crime, and in particular emerging groups, cannot be viewed as a monolith subject to one set of enforcement techniques. Some groups already present enormous problems today. Others may not mature for years to come. Some are likely to wither of their own accord. And others may last for generations if not attacked with the vigor which has characterized our recent efforts against Cosa Nostra. Such an analysis can assist in determining which groups will fall into which category, and in predicting what new groups are likely to emerge in the future.

To one extent or another however, all of these groups rely on their ability to engage in predatory activities or to provide illicit goods or services to a willing market.

Underlying Criminal Activities. Today's syndicates are involved in a large number of enterprises, some of which are wholly illicit, such as gambling and narcotics trafficking, and others of which exist within the framework of otherwise licit industries, such as construction, carting, the waterfront, and the garment center. These legitimate industries provide enormous incentives for the syndicates to develop and engage in anti-social behavior. Those incentives, however, can be reduced.

The President's Commission on Organized Crime suggested "a national strategy" as a response to the problem. The objective the Commission set forth in its report is essentially correct:

> The objective of the national strategy recommended by the Commission is to eliminate organized crime from the marketplace and to permit the natural forces of the market, working in conjunction with the efforts of honest trade unions and businesses, to set prices and provide goods and services. (Report of the Commission at 310).

The Commission goes on, however, to demonstrate a fundamental misunderstanding of the type of changes which

need to be made within infiltrated industries and the methods which can be used to achieve them. It recommends that the Attorney General consult with a number of law enforcement agencies, analyze the marketplace industry by industry, and use "intervention techniques" to produce not a "random series of investigations and prosecutions" but "jail sentences... forfeiture of assets, and the dismantlement of organized crime-owned businesses that are irretrievably corrupted."

While this approach is, indeed, an advance over "random prosecutions," it fails to recognize the need to identify the underlying features of particular industries which contribute to Mob infiltration, influence, or domination.

In the long term, it is not only essential that we move against existing syndicates and corrupt businesses, but that we reform the affected industry to reduce the motives and the means for organized crime to corrupt and control it. Such reform ultimately requires an understanding of the industry not only from a law enforcement perspective, but also in economic, political, historical, and analytic terms. It means using a wide variety of appropriate remedies to effect or restructure those industries to reduce their "racketeering susceptibility" and "racketeering potential."

Racketeering susceptibility is measured by the degree to which an industry's structure and organization create incentives for industry participants to engage in racketeering, or provide the means and opportunity for racketeers both inside and outside the industry to control or influence critical industry components. With such control, racketeers can extract payments from that industry by, for example, enforcing cartels, creating no-show jobs, or insuring labor peace. Thus, racketeering susceptibility focuses on the vulnerability of an industry to racketeering exploitation.

Racketeering potential is measured by the extent to which racketeers can profit from exploitation of an industry's vulnerability. Assessing racketeering potential requires analysis of the industry to identify such factors as the amount of money which industry participants can generate and make available to racketeers, the availability of jobs which can provide legitimate status and income to racketeers and their associates, and the potential of the industry to launder dirty money or generate false business expenses to disguise illicit payments or avoid paying taxes.

Without structural changes within affected industries, the mobsters of the future will continue to have more than

enough fertile ground in which to grow. Those changes must be based upon an analysis of each affected industry, using a variety of academic disciplines, aimed at identifying and reducing that industry's susceptibility to racketeers and their desire to infiltrate it.

## The Approach of the Organized Crime Task Force

Our approach differs from that taken by most other law enforcement agencies. First, five general principles guide our work.

### The Five Principles.

(1) Broad Strategies. The first principle concerns the need to structure particular investigations around broad strategies. In dealing with criminal syndicates, it is not sufficient to investigate and prosecute participants for their criminal conduct, even when complicated conspiracies and RICO-type offenses can be proven. Without the formulation and execution of a coherent strategy, the impact of criminal prosecutions is at best haphazard, and at worst counterproductive.

The incarceration of an underworld figure may indeed disrupt an individual enterprise until new leadership is established. The disruption, however, is often minimal, and can provide as many new opportunities for organized crime as it blocks. For example, if an organized crime syndicate finances the operation of independent criminal enterprises through usurious loans, the imposition of financial

penalties on such independent operators will only drive them closer to the loansharks and thus channel more of their profits to the Mob. Thus, spectacular investigations that produce headlines but leave foundations untouched often do little more than perpetuate the myth that nothing can be done about organized criminal activities.

To have significant results, investigations must do more than reach individuals and individual enterprises. They must be based on an informed understanding of the particular organized crime problem, and must take into account the long range implications of both the particular strategy adopted and the specific operational tactics best designed to carry out that strategy. Perhaps Landesco put it best when he said in 1929:

> Crusades arouse public sentiment against some existing abuse or disorder but they are so sweeping in character that they are usually only temporarily successful and a reaction sets in against them. One reason for the failure of crusades against crime and vice is they ... are seldom or never based on a study of the problem. What is needed is a program that will deal with the crime problem in detail and consecutively, that is, by analyzing the crime situation into its different elements by taking up each crime situation separately and one by one working out a constructive solution.

(2) Broad Range of Remedies. The second principle is that all available remedies must be considered and employed in developing and executing whatever strategy is chosen.

Criminal prosecution leading to incarceration and fines is only one remedy, and often has substantial limitations.

One of the great benefits of RICO is that it embraces the use of civil remedies, including forfeiture, injunctions, and suits for monetary damages, and allows the Criminal Division of the Justice Department to think conceptually about such applications.

In dealing, however, with corrupt institutions and industries, illicit businesses, and sophisticated syndicates, other remedies are appropriate as well.

The restoration of democratic and legitimate practices in social institutions which have been corrupted, dominated, or infiltrated by organized crime may require the mobilization of the public in order to effect change in the attitudes of the affected groups. Public hearings, the issuance of reports, and public information campaigns are therefore sometimes essential. The use of court orders to place captive unions in receivership may also be necessary in appropriate cases.

Opportunity-blocking techniques to reduce the likelihood of theft, fraud, and racketeering can also be

successfully employed. Organized crime involvement in the counterfeiting, forging and illegitimate use of credit cards has been reduced to a great extent by the adoption of holograms and PIN numbers. Loss prevention approaches, the establishment of internal controls and the standardization of practices can be used in a variety of legitimate industries.

Industries which have historically been the subject of anti-competitive practices supported or directed by organized crime may be affected less by prosecution than by the establishment of competing public benefit corporations, the use of eminent domain in claiming and fairly leasing critical real estate, and in the development of alternative supplies of labor and material.

Similarly, as indicated earlier, the restructuring of some aspects of major industries through legislation, regulation or measures adopted voluntarily by industry participants may reduce both racketeering vulnerability and potential.

(3) Specialized Skills. The third principle is that the design and implementation of truly effective strategies

requires the application of a number of specialized skills beyond those possessed by prosecutors.

This point may best be understood when viewed in an historical context. The first step towards marrying different skills was taken 50 years ago, and involved relations between police and prosecutors. Until then, the primary focus of law enforcement had been on prosecuting street crime. With complaining victims willing to cooperate and most criminal conduct consisting of single criminal incidents, the traditional division between police and prosecutor worked fairly well. Suspects of discrete crimes were identified by the police, who normally also located the witnesses, and cases were simply delivered to prosecutors' offices for whatever action was appropriate.

During the 1930's, however, it was recognized that a different approach was required to deal with organized criminal activity. This form of crime was systematic, ongoing, and more complex. Often, there were no immediate victims, or the victims were too frightened to come forward. In such cases, proactive investigation was necessary, and close cooperation between police and prosecutors was required. Tom Dewey, New York's famous racket buster, combined the skills of prosecutors and investigators at

every stage of the criminal proceeding. Out of his experience, and that of his successor, Frank Hogan, evolved the Rackets Bureau concept. As noted earlier, this approach was to spread across the country, and ultimately to lead to the development of the Organized Crime Section and its Federal Strike Forces.

The need to merge police and prosecutorial functions became even more acute as investigations and prosecutions became more sophisticated. Legal rules concerning search and seizure, the right to counsel, electronic surveillance and related issues are now so intricate that police must routinely rely on lawyers to determine what they can and cannot do in any type of complex investigations. Moreover, the Congress and state legislatures have formally given attorneys control over sophisticated investigative techniques used in organized crime, official corruption, and labor racketeering cases. Statutory law makes the prosecutor counsel to the grand jury and gives the prosecutor legal responsibility for resolving immunity questions. Prosecutors are also given the exclusive responsibility for applying for authorization to conduct electronic surveillance, and are required to monitor and control its execution by the police.

It is thus now well-established that the skills and disciplines of both police and prosecutors are vital throughout the course of investigation and prosecution of organized crime cases. Increasingly, each has come to respect the other's role in the process, deferring to one another in particular situations as legal or investigative issues predominate.

But today, even more is needed. The criminal law has again grown more complex as RICO-type prosecutions have come to be the method of choice in dealing with syndicates. Moreover, the greater the recognition of the need to pursue broad strategies and utilize a broad range of remedies, the more skills beyond those possessed by police and prosecutors are required to design and pursue them. Particular organized crime problems require knowledge of the structure of industries and activities outside the conventional scope of law enforcement.

In addition, the conduct of criminal investigations has grown so sophisticated that no individual discipline can provide all the necessary expertise. Enterprises that deal in the delivery of illicit goods and services need to keep records of their transactions. In addition, the laundering of the proceeds of illegal activities leaves a paper trail

through legitimate companies and financial institutions. Thus, a valuable role may be assumed by sophisticated investigative accountants, skilled in analyzing books and records and in the detection of assets of organized crime figures. Moreover, the kinds of skills accountants have, including the ability to analyze and develop mechanisms for internal control, often permit them to make especially valuable contributions to the development of remedial strategies.

Tactical analysts, skilled in collating and analyzing evidence generated in particular investigations, can play a similarly critical role in complex investigations which may continue for months or even years. In these cases, information may be generated by wiretaps, surveillance, informants, and books and records. Given the quantity of evidence which may be generated, the intuitive abilities of attorneys and investigators may be no match for link analyses and formal charting. By employing tactical analysts, investigators can make connections and pursue leads that might otherwise be lost in mountains of data.

Similarly, because strategies must be based upon sufficient and reliable information, experts are needed to compile and analyze information. Strategic analysts,

trained to review broad data bases and analyze trends within areas of actual or potential criminal activity, can play a key role in evaluating the appropriateness of particular strategies.

Truly effective investigations will also often require the employment of specialized skills normally found outside law enforcement agencies, frequently in academia. Broadly speaking, too few bridges have been built between law enforcement and others who might be able to help them. This is especially important when law enforcement officials make policy recommendations.

In our work, for example, we frequently consult with economists, sociologists, loss prevention specialists, historians, political scientists, and people working within particular industries.

(4) Special State Interests. Our fourth operating principle is that there are special state-level interests in organized crime enforcement which are different in kind from those at the federal or local level. There is therefore a particular role for the state to play in organized crime control.

In narcotics enforcement, for example, it would be inappropriate for the Task Force to attempt to assume a major role either in interdiction at the nation's borders or in street level cases. We have an appropriate role, however, in situations in which organized crime groups develop around narcotics and pursue the drug trade through one or more regions of the state. The role may be especially important where drugs enter the state in one location intended for distribution in another.

To give another example, construction industry racketeering in the New York City metropolitan area may require the creation of regulatory bodies not provided for under federal statutes and beyond the power of localities to establish or support. Only a state-wide law enforcement agency can have the information, incentive and mandate to develop a proposal for such an agency.

In short, a state-wide or regional approach is sometimes required with responsibilities which cross county lines, but not subject to possible shifts in federal priorities.

(5) Accountability. Fifth, any system of organized crime control must be subject to examination and



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accountability. Historically, law enforcement has had a service monopoly, permitting it to avoid explaining its priorities and choices in enforcement. Similarly, because it is a monopoly, little effort was put into the development of appropriate measures of success. Clearly, the number of indictments and convictions is not an adequate measure of the impact of an agency on the problem of organized crime.

The Structure of OCTF.

OCTF is organized in a way designed to effectuate the principles set forth above.

Areas of Criminal Activity. In order to facilitate the development and implementation of strategies, organized crime activities are divided into four broad areas:

Financial Crimes and Schemes, including gambling, loan sharking, infiltration of legitimate businesses, arson, bankruptcy fraud, and official corruption;

Energy and the Environment, including unlawful conduct in the collection and disposal of solid and toxic waste, the development and manipulation of resource recovery systems, the distribution in an illicit manner of fuels such as gasoline, oil and coal, and violations of law relating to nuclear power;

Narcotics and Non-Traditional Organized Crime Groups, including sale and possession of narcotics and the illegal activities of groups which have narcotics operations; and

Redistribution of Stolen and Illicit Property, including not only cargo theft and related airport and seaport activities, but also theft and fencing, the redistribution of stolen securities and negotiable instruments, and theft involving stolen and fraudulent credit cards.

Regions. To facilitate field operations throughout the state and insure that regional problems are addressed, we divide New York state into three regions based upon organized crime operations and spheres of influence.

Teams. Teams are comprised of individuals with the skills and disciplines necessary to address the criminal activities within their area of specialization. Each team therefore has an attorney, an investigator, an investigative accountant and a tactical analyst. In general, the members of each team are jointly responsible for its operation, deferring when appropriate to each other's particular areas of expertise.

The Need for Flexibility. In addition to the teams in the regional offices, it is important that we have the flexibility to undertake organized crime investigations bridging substantive and regional lines and concentrating on

particular groups, geographic areas or industries. We therefore have a Special Projects Team and, in the Southern Region, a Traditional Syndicates Team which are available for such assignments. For example, the Special Projects Team is currently conducting the Construction Industry Project.

Support. Teams are supported by a variety of other units, comprised of strategic analysts, civil enforcement and remedies attorneys, appellate attorneys, and technical investigators.

The Role of Federal, State and Local Governments

Introduction. As noted earlier, a state agency such as the Organized Crime Task Force has special responsibilities and a special role in organized crime enforcement. I was also asked to address the more general topic of the proper roles of federal, state and local governments in this area.

It is common these days to talk about the importance of cooperation in the effort to fight organized crime. Clearly, efficiency suffers if efforts are duplicated, and the public is poorly served if competitive law enforcement agencies put roadblocks in each other's ways.

This is, however, not the same as saying that law enforcement agencies should all be doing the same thing. While there is some inevitable overlap, there are different roles for federal, state and local agencies to play, and more than enough in each case to keep them busy.

One example, mentioned before, relates to drug enforcement. Local government simply cannot do very much to stop drugs from entering our country. This requires interdiction at our borders, at sea and in the air. Perhaps

more important, this effort also requires diplomatic efforts aimed at discouraging production and exportation.

On the other other hand, federal authorities do not have sufficient resources to have any significant affect on street sales, and thus to affect demand. This responsibility, as difficult as it is, has historically accrued to locals officials, and will continue to do so.

State authorities have a somewhat different role, looking at regional problems. In the narcotics area, for example, they should study distribution trends within the state and use what they learn to disrupt distribution systems and to aid local and federal enforcement efforts. But, perhaps more importantly, state agencies must play a lead role in identifying and tracking the development of new drug-based syndicates.

The Inevitability of Conflicts. One consequence of having agencies at different levels of government active in organized crime investigation and prosecution is that conflicts often arise. This is a difficult subject which some of us have spent more time thinking about -- and dealing with -- than perhaps should be necessary. But whether we like it or not, we are players on a crowded

field, and a systematic effort to think through the resulting problems may point the way to some solutions.

Complex investigations routinely require cooperation from a variety of investigative agencies, and sometimes from a variety of prosecutor's offices which have overlapping geographical jurisdiction (a federal district, a state, a county), different subject matter jurisdiction, (tax, arson, official corruption, labor racketeering), and different sovereigns (state, federal). The existence of these various agencies, and their own internal divisions into units of differing geographical and subject matter responsibility, usually makes internal policy sense because it permits priorities to be established, allows different regions to be covered efficiently and economically, and creates logical divisions of work. The practical result, however, when different agencies have a stake in a particular investigation, is that five, ten, or fifteen different units -- with different supervisors, mandates, and interests -- may all have authority.

When multiple agencies or sub-units band together in a joint investigative undertaking, conflicts in mission and direction are inevitable. Such conflicts can breed confusion and mistrust, and may result in turf wars which

jeopardize the best interests of the investigation. Worse, the jealousies and conflicts between agencies can -- and too often do -- prevent agencies from even undertaking joint investigations that are otherwise logical and appropriate, and prevent the flow of information possessed by one agency to another for whom it would be obviously useful.

When the separate existence of many of these agencies and their sub-divisions are justified on policy grounds, the resulting problems must simply be tolerated and dealt with as sensitively and intelligently as possible. Turf problems are less palatable, however, when the multiplicity of agencies is not a product of rational policy, but of historical anomalies that current political realities prevent from being changed.

In New York, for example, rational and historical forces combine to create an incredible maze of law enforcement agencies. Among those agencies in the New York City Metropolitan agency with jurisdiction to investigate an organized crime syndicate dealing in drugs are two organized crime strike forces, three United States Attorney's offices, two drug task forces, the Internal Revenue Service, the Federal Bureau of Investigation, the Drug Enforcement Administration, the Immigration and Naturalization Service,

Naturalization Service, the Customs Service, two state prosecutor's offices, more than fifteen District Attorneys, the Special Narcotics Prosecutor for New York City, and a variety of state and local police forces.

Ironically, even when cooperation is attempted, strenuous efforts to maintain good will among the various participating agencies can be counterproductive. Cooperation can overwhelm strategic goals as the ultimate purpose of a joint undertaking, and a great deal of time and administrative effort is spent on working out agreements among the agencies and ensuring that the agreements are enforced. The end result may be no more meaningful than a press conference in which several prosecutors and representatives of a dozen agencies are represented, all of whom comment upon the extraordinary cooperative efforts which made the investigation possible.

Incentives for Cooperation. There are clearly advantages to having a number of different agencies with different sovereigns, different subject matter jurisdiction and different geographic jurisdictions. Each has a body of knowledge, a collection of resources and personnel, and a substantive point of view to contribute. Strategically, if a serious effort is made to establish common priorities in

the investigative planning process, parochial perspectives can be questioned and rejected in favor of broader goals. Tactically, police and prosecutorial agencies will then have available the specialized knowledge and skills of agencies with strengths which can be complementary.

Moreover, although each agency has a variety of substantive and procedural laws and regulations with which it must deal, the "task force" is not bound by any one set of such requirements. Flexibility is enhanced, for example, when search or eavesdropping warrants can be procured in the jurisdiction having the most advantageous procedural rules, and when prosecution takes place in the jurisdiction providing the greatest chance of success and broadest scope of punishment.

This latter point is once again best illustrated by looking at New York, where the contrast between State and federal law is often so dramatic. For example, in recent years the New York Court of Appeals has adopted rules that require suppression of eavesdropping evidence for hypertechnical reasons. Virtually no other state or federal court agrees with the overly rigid interpretation of the New York courts, and thus eavesdropping evidence obtained in New York might better be used in another jurisdiction.

Similarly, until last year, New York's legislature had declined to enact a state RICO statute, despite the fact that more than twenty-five other states already had done so, including many with organized crime problems far less serious than those in New York. In jurisdictions without a RICO statute, evidence of syndicated criminal activity might better be prosecuted in the federal system where the use of RICO allows for consolidated trials, enhanced sentences, civil remedies and criminal forfeiture.

In addition, New York's laws on immunity, accomplice corroboration and right to counsel limit the usefulness of the grand jury as an investigative tool, block avenues of investigation and preclude some prosecutions altogether. This often leaves us no choice but to refer cases to federal prosecutors.

On the other hand, the state forum is occasionally preferable. New York, for example, has severe penalties for dealing in drugs. Where cooperation from an investigative target is sought, a New York State indictment on drug charges may create enormous incentive.

Some Solutions. Work clearly needs to be done in developing methods to take advantage of the opportunities

and minimize the disadvantages inherent in the multiplicity of agencies and jurisdictions involved in organized crime cases. In the short run -- that is, in the context of a particular investigation -- thought must be given in the investigative planning process to involving those agencies with appropriate jurisdiction and expertise, avoiding the pitfalls of such joint efforts, and maximizing the contribution that each agency can make.

Long run work is also needed. The U.S. Department of Justice has created Law Enforcement Coordinating Councils (LECC's) to help alleviate some problems. More and more attorneys and investigators are being cross-designated by agencies of other jurisdictions, thus familiarizing them with the perspectives and procedures of other offices, and allowing for greater flexibility in investigations and prosecutions. The National Organized Crime Planning Council (NOCPC) has sought to bring together a variety of agencies, at least on the federal level, to concentrate their resources in the area of organized crime control and to develop common strategies and priorities. Perhaps "ROCPC's" (Regional Organized Crime Planning Councils) might be established to do similar work at the state and local level. And Congressional attention ought to be paid to thinking

through the need for the current multiplicity of federal agencies with overlapping jurisdiction.

**The Need for Principled Decision Making in Inter-Agency Disputes.** It is inevitable that there will continue to be conflicts between state, local and federal enforcement agencies as to who should handle particular cases. Under the current system, however, which agency gets a case is frequently decided on the basis of who got there first, who has managed to secure the evidence or witnesses, who has the political muscle, or which jurisdiction allows for speedier process. This is simply not a satisfactory approach.

A set of principled policies which determine which is the appropriate investigative and prosecutive agency in a particular case should be promulgated. In developing those policies a number of factors should be considered:

1) Which agency has the most general interest in a particular area? Who has the most resources available to attack a particular problem, whether this means enforcement personnel, prosecutors, courtrooms, or money to buy equipment or pay informants?

2) Does one jurisdiction have a special interest in a particular area? Does it have a particular legislative

scheme to deal with it? Has it set up a special agency to investigate or prosecute?

3) Who is best able to handle a specific case, in terms of expertise and the substantive and procedural law of the particular jurisdiction? but,

4) Would the assignment of a case to a "less competent" agency allow it to develop its capabilities in the area and thereby assume primary responsibility for it in the future?

Particular attention should be paid to the potential consequences which flow, for example, from the federal government's doing a job for which local authorities would logically have responsibility. First, the local agencies may thus have a plausible excuse for continuing to avoid particular subject-matter areas. If the feds are doing it, a local official (with a less than admirable agenda) is off the hook and not accountable for the failure.

The second consequence of "federal takeover" is that over time, local agencies will become incapable of doing certain kinds of work. A kind of atrophy will set in, and the agencies will rather quickly find themselves without the systems, the expertise, the resources, or the will to perform some of the work which they should. In both cases,

shifting federal priorities or a reduction in resources will leave the job undone.

The federal government might thus make a different decision. For example, it can play a role in educating representatives of state or local agencies in special areas of investigation. This can occur through formal instruction or even cross-designation of assistants.

Sometimes, local agencies may deny the existence of a particular crime problem within their jurisdiction, either out of ignorance or as a way to explain their failure to commit significant resources to it. Without making a long term commitment to what may in fact be a problem of primarily local concern, a federal agency can initiate a single dramatic investigation and prosecution to demonstrate its existence and seriousness, and thus force the local authorities to address it themselves.

It is no doubt true that in certain jurisdictions the reverse would be appropriate. Federal efforts can often be enhanced by local authorities playing the teaching and encouraging role.

Conclusion: The Need for a Broader Perspective

It should be clear by now that the principal theme running through these remarks is the need to adopt a broader perspective in the investigation and prosecution of organized crime activity.

In order to be effective, investigators, prosecutors and others must join together in formal tactical planning in the context of broad strategic goals. They must consider and employ a variety of remedies for organized criminal activity, and not limit themselves to conventional criminal sanctions. They must encourage the involvement of agencies within and outside their own jurisdictions, in order to include within their "task force" whatever variety of skills and disciplines is necessary for tactical and strategic planning and execution. Finally, they must overcome the parochial limitations of geographical and subject matter boundaries to achieve goals set by considered policy rather than by the limited mission of any one particular agency.

The difficulties investigators and prosecutors encounter in thus broadening their perspectives are not entirely of their own making and overcoming those

difficulties will require broadening the perspectives of many others as well.

Too often, superiors, public officials and the press judge success by the numbers of arrests, indictments and convictions. Numbers, of course, are not an appropriate measure of effectiveness in dealing with organized crime, and the pressure to produce quantity rather than quality can badly distort tactical and strategic goals. Moreover, when goals are long term, investigations can be complex and lengthy, and those who monitor such investigations must demonstrate as much patience as those who conduct them. A significant seizure of contraband may come only after months of electronic surveillance. Even then, and despite the temptation to call a press conference in which the seizure is loudly announced, the more productive step may well be to maintain secrecy, permitting the person from whom the contraband was seized to cooperate in achieving the ultimate goals of the investigation.

The Congress, state legislatures and the federal and state courts must also adopt broader perspectives. For example, after lengthy and complex wiretap investigations, it makes no sense to require the wholesale suppression of evidence for hypertechnical violations of the eavesdropping

law without some showing of bad faith by the investigator or prosecutor or of prejudice to the defendant. Moreover, just as it may make no sense to have two United States attorneys responsible for crimes in different parts of the same city, so it may be illogical to separate the criminal from the civil in the operation of law enforcement agencies. At the very moment prosecutors have come to see the importance of civil forfeiture and injunctive relief in controlling organized crime activities, statutes written without this perspective in mind have increasingly been interpreted to require that a sharp separation of criminal and civil proceedings be maintained.

For example, with no clear policy justification, barriers have been erected discouraging the use of grand jury and eavesdropping evidence in civil proceedings instituted by law enforcement agencies for law enforcement purposes. While there is perhaps a danger that civil or criminal process may be abused in parallel proceedings, that danger is greatly exaggerated. Less drastic remedies for such abuse can and must be designed that leave room for flexibility in responding to organized crime problems.

Finally, executives and legislatures must provide money and funds for the necessary personnel and projects.

Accountants, analysts and other experts are not frills, but a necessary part of any effective organized crime unit. Similarly, resources and manpower must be devoted to the analysis of investigative and intelligence information and the post-investigative review of cases.

In sum, we must encourage innovation and intelligence in law enforcement, and give those who investigate and prosecute organized crime both the incentive and the means to plan and carry out strategies designed to achieve broad and well conceived goals.

STATEMENT OF
JAMES R. ZAZZALI
COMMISSIONER
NEW JERSEY STATE COMMISSION OF INVESTIGATION
BEFORE THE
U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
HEARINGS ON
ORGANIZED CRIME: 25 YEARS AFTER VALACHI

Mr. Chairman and Members of the Subcommittee:

Although I have been commissioner of New Jersey's State Commission of Investigation during a number of its inquiries into organized crime, I have brought with me our Chief of Organized Crime Intelligence, Justin Dintino, to assist me in answering any questions you may have at the conclusion of our presentation.

Our Commission very much appreciates your invitation to address you on the current status of organized crime -- a subject that has been a statutorily mandated investigative target for us ever since the Commission was created 20 years ago. As you probably know, many La Cosa Nostra -- or LCN -- figures fled New Jersey, mostly to Florida, in the late 1960s and 1970s to escape our Commission's subpoenas. Most of these refugees have never returned. Nonetheless, organized crime activity in our State remains a problem -- although by no means as barefaced and wide-ranging as in our Commission's early years. What we are experiencing now in New Jersey, in the Northeast -- indeed, in every metropolitan area of this nation -- is an evolution of organized crime from domination largely by gangsters of Sicilian or other Italian origin since the 1930s to an even more deadly mixture of other ethnic immigrants from Colombia and other South American lands, from the Caribbean, from China, Japan, and other Asian countries, and even from the Soviet Union. As a recent U.S. News and World Report article described it in a cover story, this is the "New Face of Organized Crime." Therefore, although the LCN will be the topic of your opening discussions of organized crime, our Commission is gratified that you intend also to assess this ominous ethnic change in the structure of organized crime in America.

In connection with this changing ethnic face of organized crime, I want to emphasize that while the Mafia remains a significant criminal threat, it is by no means the only organized crime problem, and it never has been. In fact, in terms of gang numbers and cash loot, other organized crime groups have surpassed the LCN. And, although our law enforcement efforts on the Federal and State levels against the Mafia have been increasingly effective, our attack on the so-called new emerging groups has been abysmally inadequate. The term "new emerging groups" is a misnomer because they are not new. They emerged some time ago. I prefer to refer to them as previously ignored groups.

So far as traditional organized crime is concerned, the Mafia has been severely weakened in our region by recent investigations, indictments, and successful prosecutions in New Jersey, New York, and Pennsylvania. For example, almost half of the Bruno/Scarfo gang under the jail house leadership of Nicodemo Scarfo of Atlantic City is under indictment or facing criminal charges. The DeCavalcante/Riggi group of North Central New Jersey is being investigated by the U.S. Attorney's office, and the F.B.I. only recently raided the long invulnerable Riggi's labor union headquarters.

At this point, since today's hearing is focused on the status of the La Cosa Nostra crime groups, I intend to very briefly cite the more significant LCN elements operating in and around our State, and our assessment of their present impact on New Jersey. We have assembled a supplement to my statement, which not only details the La Cosa Nostra gangs that have a New Jersey relationship but also provides for the Subcommittee's consideration a more detailed outline of the many non-traditional gangs that have been afflicting our State with increasing violence in recent years.

Currently, at least 29 organized criminal organizations are operating in our State. Interestingly, only seven of these are Mafia gangs, while more than a score are the non-traditional criminal types. I would like to identify the La Cosa Nostra criminal organizations operating in and around the Garden State, aside from the previously mentioned Riggi and Scarfo organizations.

Genovese/Gigante

This is the most dominant traditional organization affecting New Jersey, with more than 275 "made" members, about 40 of whom reside in New Jersey. This criminal network's illicit activities feature labor racketeering and political corruption.

Gambino/Gotti

This largest and most influential criminal organization in the greater New York metropolitan area consists of 30 made members and 650 associates. Its presence is felt most harshly in Northern New Jersey, in gambling, hijacking, fencing, extortion, loansharking, and narcotics. At present, the greatest mob threat to South Jersey is the strong Gambino/Gotti gang's influence over the weakened Scarfo organization.

Bonanno/Rastelli

This group of approximately 100 members and 375 associates has had a declining impact on New Jersey. Before the death of Caporegime Joseph Zicarelli in 1983, the Bonanno organization operated an extensive gambling network in Northern

New Jersey which has since been taken over by elements of the Genovese and Jose Battles groups. At present, it has focused n controlling junket scams to Atlantic City's gambling casinos.

Lucchese/Corallo

Compared to other organized crime groups, the Lucchese faction is small in numbers. However, it is in the forefront of lucrative gambling and narcotics rackets in New Jersey, a status that may be adversely affected by arrests and prosecutions. The entire Lucchese/Corallo leadership is either in prison or under indictment. Also, 21 other Lucchese gangsters have been charged with operating a racketeering empire.

Finally, allow me to make several brief references to organized crime activities as they relate to casino gambling in Atlantic City.

This famous resort, now one of the richest and most profitable gaming centers in the world, has been coveted by the mob ever since the casinos began to operate. The LCN has declared Atlantic City to be an open city, which means that any LCN group may operate there if it first touches base with the local Scarfo organization as a matter of courtesy and to prevent interference with other LCN activities. The Scarfo mob does not receive any percentage of any other LCN group's operation unless the project is a joint endeavor. It must be noted that almost all of the vice activity in the Atlantic City area has been controlled by Scarfo, despite the city's classification as an open city.

Most recently, our Commission revealed the financial rewards that had accrued to a specialized corporate group of mob-owned construction firms that profited from private casino construction contracts and from public construction projects funded by Federal and State tax dollars. It was demonstrated that two Scarfo gang-controlled business entities amassed over $3 million from public projects and casino construction contracts over a seven-year period. As recommended by our Commission, the New Jersey Casino Control Act has recently been amended to prevent further profiteering by the mob at casino construction sites.

Other organized crime operations in Atlantic City have included:

- Lucchese/Corallo and DeCavalcante/Riggi mobsters have made real estate purchases and led junket enterprises.

- The Pittsburgh-based La Rocca gang has sponsored gambling junkets between that city and Atlantic City.

At this point, I am submitting a more detailed written report on both the traditional and the non-traditional organized crime scene in New Jersey.

We will be happy to answer any questions.

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I would now like to identify in more detail both the La Cosa Nostra and non-traditional criminal organizations operating in New Jersey, starting with the LCN groups:

DeCavalcante/Riggi Crime Organization

The DeCavalcante/Riggi criminal organization is relatively small, consisting of approximately 50 "made" members and 80 associates. The hub of this group's operations is the City of Elizabeth, in Union County in Northern New Jersey. Its most notorious leader, Simon -- Sam the Plumber -- DeCavalcante is in retirement in Dade County, Florida. John M. Riggi now heads that enterprise, whose illegal ventures include gambling, bookmaking, loansharking, narcotics, pornography production and distribution, extortion, labor racketeering, transport and dumping of toxic waste, official corruption, and conspiracies involving casino junkets and the recording industry. The geographic reach of this organization extends from southwestern Connecticut through areas of metropolitan New York and into Pennsylvania. In New Jersey, the organization is most active in the counties of Essex, Middlesex, Mercer, Monmouth, and Ocean in the north and central parts of our State.

The greatest threat of Riggi's operation is its control of Laborers Union Local 394, a primary tool for manipulating labor and extorting contractors. Because of this gang's power to provide or withdraw essential labor at construction projects, contractors generally comply with any Riggi requests to utilize certain organized crime-favored companies for trucking, concrete, lumber, scaffolding, sand and gravel, dirt and garbage removal, landscaping, plumbing, and electrical work, which results in higher costs than customary for such work.

The State Commission of Investigation confirmed during a 1981-1982 investigation that this criminal enterprise maintains cooperative relationships with the LCN groups in New York City. It also should be noted that Riggi met with Gambino family boss Paul Castellano in December, 1985, on the very day Castellano was assassinated in New York City.

Bruno/Scarfo Organization

The Bruno/Scarfo crime organization, comprised of about 60 members and 250 associates, is in a state of disarray and deteriorating influence due to the inept but bloodthirsty leadership of boss Nicodemo (Little Nicky) Scarfo. Scarfo's violence contrasts sharply with the more placid style of former boss Angelo Bruno, who was aptly known as the "Docile Don."

Scarfo's reign is dangerously threatened because Caporegime Thomas DelGiorno and soldier Nicholas Caramandi are cooperating with law enforcement authorities. At present, the organization's most influential members are incarcerated. As a result, Scarfo is almost certain to be replaced as boss soon. Potential successors are Albert (Reds) Pontani, a soldier from Mercer County, recently indicted for drug distribution and RICO offenses; Pasquale (Patty Specs) Martirano, a North Jersey capo, and Joseph (Chickie) Ciancaglini from Philadelphia. The weakened Scarfo organization may even be absorbed by such other LCN families as the Gambino/Gotti or Genovese/Gigante organizations.

The Scarfo organization is engaged in the manufacture and distribution of drugs, extortion, loansharking, illicit gambling, labor racketeering, political corruption -- and murder. It maintains interests in several legitimate industries such as vending, restaurants, bars, trucking, boxing promotion, and construction. Its area of control is Philadelphia and Southern New Jersey. It also has members in the Northern New Jersey counties of Union and Essex.

Gambino/Gotti Crime Organization

The largest and most influential criminal organization in the greater New York metropolitan area, this criminal enterprise consists of approximately 300 members and 650 associates. Led by John Gotti, its influence extends from New York City to California and Florida. The Gambino organization's presence is felt throughout New Jersey. In Northern New Jersey, this group engages in gambling, hijacking, fencing, extortion, loansharking, and narcotics. Until recently, law enforcement authorities believed that a group operating in South Jersey was a faction of the Gambino/Gotti organization. While the principal members of this group had a blood relationship to Carlo Gambino, they also were an integral part of the Sicilian Mafia. Their primary criminal activities, heroin and alien smuggling, were conducted with approval of the American Gambino organization in exchange for a percentage of the profits. However, their major allegiance was to the Sicilian Mafia group in Palermo.

In the early 1960s, the Gambino organization established an amicable relationship with the Bruno regime in Philadelphia. There is speculation that this working relationship could evolve into control of the Scarfo organization, particularly if Scarfo is convicted and incarcerated for the numerous murders he is alleged to have ordered, approved, or committed.

Genovese/Gigante Organized Crime Organization

The most dominant traditional criminal organization affecting New Jersey is the Genovese/Gigante enterprise and its 275 members, supported by 600 associates. There are approximately 40 members and 70 associates who reside in New Jersey. This criminal network's illicit activities include illegal gambling,

narcotics distribution, loansharking, extortion, money laundering, labor racketeering, anti-trust violations, and the infiltration of legitimate businesses.

With the incarceration of Anthony (Fat Tony) Salerno, this gang's leader now is Vincent (The Chin) Gigante. He is engaged in labor racketeering on the Hudson County waterfront through his subordinate, John DiGilio, a prominent soldier in Bayonne, New Jersey. Caporegimes Andrew Gerardo, Louis (Streaky) Gatto, Giuseppe (Pepe) Sabato, and DiGilio are the dominant members of the Genovese organization in New Jersey, and their criminal activities reach from North Jersey down to portions of Ocean and Atlantic counties. The Genovese organization's major threat is its influence over waterfront operations through labor unions, its ability to foment political corruption, and its incursion of legitimate enterprises.

Bonanno/Rastelli Organization

The Bonanno/Rastelli network consists of approximately 100 members and 375 associates. Its former leader, Joseph Bonanno, is in retirement in California. The organization's most recently recognized boss, Philip Rastelli, was sentenced to 12 years in Federal prison in January, 1987, for directing a labor racketeering conspiracy through control of Teamsters Local 814 for more than 21 years. Because of his prison term and failing health, Rastelli is viewed as losing ground in the organization. Furthermore, Joseph Massino, the underboss of this enterprise, was also convicted on racketeering charges in the same conspiracy involving the Local 814 moving and storage union. Consigliere Anthony Spero now appears to be the Acting Boss, running the street operations for the organization. Spero is one of 16 defendants named in a civil racketeering complaint charging the Bonanno/Rastelli organization with using legitimate businesses to conduct criminal activities. The civil suit, filed by Brooklyn U.S. Attorney Andrew J. Maloney in August of 1987, seeks $1 million in damages. Anther defendant is Gabriel Infanti of Bloomfield in New Jersey. On December 22, 1987, Infanti was reported missing and is presumed dead. He manages a lucrative gambling network out of East 4th Street in New York City.

Before the death of Caporegime Joseph Zicarelli in 1983, the Bonanno organization operated an extensive gambling network in Northern New Jersey, which has since been taken over by elements of the Genovese and Jose Battle criminal groups. The Bonanno organization's recent criminal interests also have focused on junket scams to Atlantic City casinos. Caporegime Charles Musillo awaits trial on charges relating to these scams.

Although the Bonanno/Rastelli outfit conducts most of its operations in the greater New York area, its threat to New Jersey centers on the expansion of illicit gambling and scams involving the casino industry in Atlantic City and on money

laundering and narcotics smuggling as a result of its relationship with the Sicilian Mafia.

Lucchese/Corallo Crime Organization

Compared to most organized crime organizations affecting New Jersey, the Lucchese faction is small in numbers. Its lucrative gambling and narcotics operations have enlarged the influence of its 100 members and several hundred criminal associates. Criminal operations in New Jersey are under the supervision of Anthony Accetturo and Joseph Abate, both caporegimes, and soldier Michael Taccetta. Accetturo has been exerting his influence in absentia since 1971, when he fled New Jersey to avoid a subpoena issued by the State Commission of Investigation. Since then, Taccetta has served as Accetturo's coordinator.

Criminal activities directed in New Jersey by the Lucchese/Corallo gang include illegal gambling, loansharking, narcotics trafficking, fraud, cigarette smuggling, extortion, horse race fixing, pornography, and stolen property, mostly in New Jersey. Accetturo and Taccetta have served as principal operatives in smuggling and distributing narcotics out of South America and the Caribbean into Florida and ultimately into New Jersey and New York.

Currently, the entire Lucchese/Corallo hierarchy is in prison or under Federal indictment. Also, 21 of its members and associates have been charged with operating a racketeering empire. If these individuals are convicted, the Accetturo/Taccetta network would become vulnerable to a takeover, most probably by the Genovese or Gambino organizations.

Colombo/Persico Crime Organization

The Colombo/Persico organization, once one of the more powerful of the five major New York LCN enterprises, now is in disarray due to Federal and State prosecutions and poor leadership. With 120 members and 450 associates, the organization is led by the jailed Carmine Persico through Victor Orena, a caporegime.

Revenues from illicit gambling and loansharking activities finance this group's incursion of legitimate industries. Additionally, the organization is involved in arson, extortion, and labor racketeering.

Atlantic City, An Open City

Before turning away from the LCN groups that affect New Jersey, an assessment of their activities in Atlantic City and New Jersey's rich casino gambling industry is necessary.

Atlantic City has been controlled by the Philadelphia-based La Cosa Nostra organization now headed by Nicodemo Scarfo. The legalization of casino gambling in November, 1976, rejuvenated a sluggish market for LCN criminal activities.

The LCN's National Commission declared Atlantic City an open city with the advent of casino gambling. An open city means that any other LCN organization crime group may operate there, but must first touch base with the Scarfo organization as a matter of courtesy and to prevent interference with another LCN activity.

Almost all of the vice activity in the Atlantic City area, such as loansharking, labor racketeering, gambling, narcotics, extortion, corruption, has been controlled by the Scarfo gang. Other LCN groups that have been involved in Atlantic City include the Lucchese/Corallo and the DeCavalcante/Riggi organizations (real estate purchases and junket enterprises); La Rocca LCN organization in Pittsburgh (gambling junkets); and the Bufalino LCN (providing gamblers to various junket companies).

At one time, Michael Insalaco, a member of the Bufalino LCN, was the only known LCN member to be licensed as a junket operator by New Jersey's Casino Control Commission. Ultimately, after an investigation, Insalaco's license was revoked, and his firm, Tiffany Group Tours, LTD., of Easton, Pennsylvania, was placed on a blacklist by the Casino Control Commission as an entity prohibited from doing business with a casino.

Shortly after New Jersey's voters approved of casino gambling, Paul Volpe, an organized crime figure from Toronto, Canada, and his cousin Angelo Pucci, began purchasing ral estate in the Atlantic City area via several corporate entities. An investigation conducted in New Jersey and in Canada confirmed that Pucci was acting as a "front" for Volpe. During November, 1983, Volpe was found slain in the trunk of his wife's car in Canada. It is surmised that Volpe was killed on orders of Toronto's gang boss, Remo Commisso, because Volpe had been cheating Commisso on real estate as well as in narcotics transactions. In December, 1983, Pucci was indicted by the New Jersey State Grand Jury for fraud and failure to file individual and corporate tax returns. Pucci pled guilty to lesser charges and was placed on probation and fined. He currently resides in Margate, New Jersey, and has built condominiums in nearby Brigantine. Ironically, the concrete work at the condominium project was provided by Scarf, Inc., a construction firm operated by underboss Philip Leonetti, the nephew of Nicky Scarfo.

We now turn to the non-traditional organized crime groups which have had an ever-increasing impact on the New Jersey region, but which have long been ignored by law enforcement.

<u>Colombian Groups</u>

The most aggravating organized crime problem confronting law enforcement authorities in our region are the Colombia cocaine networks. During the last two years, the New Jersey State Commission of Investigation has identified the following eight Colombian cocaine distribution groups operating within New Jersey: Vanegas/Lopez, Uribe-Henao, Barco/Fernandez, Arce-Bentancourt, Martinez/San Clemente, Blandon/Cardona, Maya-Restrepo, and Londono.

The Commission has identified other Colombian groups about which data is being compiled. Indeed, some Colombian groups have not been detected yet by law enforcement.

Identified in the eight Colombian networks were 233 persons engaged in smuggling and distributing high-grade, uncut cocaine. Since 1986, more than 2,275 kilos of cocaine have been seized in New Jersey, mostly in North Jersey.

The Colombian networks gain camouflage by moving throughout Hispanic communities and by buying residences that are chiefly used as "stash" houses. Their penchant for violence is terrifying. The Colombians are known to have eliminated entire families who were suspected of cooperating with the police or cheating the networks. The Colombian cocaine groups also are tightly knit, comprised mostly of family members, including females. Unfortunately, the cocaine networks have more financial resources than law enforcement, because of the huge profits from cocaine deals. Unlike in the past, however, the Colombians are now engaged in smaller trades and retail sales, making them more vulnerable to arrest.

Jose Battle (The Corporation)

Operating in North Jersey for at least two decades, Jose Miguel Battle, Sr., leads the largest Cuban criminal enterprise in the country. Known as the "Corporation," its New Jersey base is in Hudson County, directly across from New York City.

The Battle Organization has at least 2,500 members. Its principal activities include illicit gambling and money laundering. However, some Battle organization members have become more involved in cocaine trafficking.

The Battle group also has a propensity for violence, and scores of killings have been attributed to it. Battle's top lieutenants in the New York/New Jersey area include several brothers -- Gustavo, Sergio, and Aldo. Other top echelon members include Abraham Rydz, brother-in-law Manuel Isaac Marquez-Lopez, Orlando Cordoves-Brito, Rigoberto Fernandez, Cesar Ramon Campa-Velis, and Antonio Garcia.

Owing to the enormous profits generated from gambling and cocaine deals, the "Corporation" has become a holding company for many legitimate enterprises, including mortgage finance

agencies, realty companies, investment firms, and travel agencies. It is known to have attempted to activate members of government. The international publicity has assisted the migration of millions of dollars out of the United States.

Jamaican Organized Crime

Jamaican criminals, operating in cells under a number of "posses," have existed in the United States for some time. They first gained notoriety for extreme violence in August, 1987, at a shoot-out among several Jamaican posses at a private apartment by 2,000 Jamaicans in Oakland, New Jersey. Three individuals were killed, and nine were wounded. A total of 11 handguns were recovered from the scene by police. This gun battle involved elements of the "Shower Posse" and the "Spanglers Posse" from the Bronx and Brooklyn against Jamaicans from Boston affiliated to the "Dug Posse" and the "Tel Aviv Posse." Law enforcement intelligence has documented that elements of the Shower, Spanglers, and Dug posses are operating in New Jersey. In addition, two Jamaicans called Jungleighbs, each an Yardie Port Rican, who was arrested last June on a murder charge in Newark, also operates in New Jersey.

The Shower Posse was the first to appear out of New York City into Southern New Jersey and has been operating since the active East Coast, as well as in Boston and Kansas City. These Jamaican criminals are primarily engaged in the distribution of crack, in race rackets, marijuana, and the theft or illegal purchase and exportation of firearms. Their continued use of violence makes the efforts of Jamaican police to suppress this area.

The Shower Posse cell of Kingston Florida has been active in drug distribution and money orders, both in Philadelphia and in the Southern New Jersey counties of Salem, Gloucester, and Camden. Recent information indicates that some Dug Posse members have challenged the Shower Posse operation in New Jersey and Philadelphia.

Haitian Black Organized Crime

Black/Afro-American organized crime in New Jersey has become pervasive and highly structured. Any young Black from an inner city neighborhood can permanently impact great harm on the streets where he plays. Black organized crime is rapidly maturing and has expanded its own sophisticated international distribution network, among many other criminal activities.

Black organized crime was predominantly exploitive of inner cities as evidenced greatly after World War II, when Blacks migrated to northern cities from the South in large numbers. Organized crime activities have become many of these migrants and their descendants. The most group known as the "Cosmic Boys" and led by Frank Lucas, based in North

Carolina and New York City, was notorious for the heroin it distributed in the New York-New Jersey area.

In the 1970s, Leroy (Nicky) Barnes operated out of New York City, but he and a number of his top people lived in New Jersey. They became almost totally independent of traditional organized crime groups and had their own sophisticated organizational structure.

In the 1960s and 1970s, a religious militant group emerged, known as the New World of Islam, which also was rigidly structured. Some Muslims became a violent splinter element within the Islamic sect. A main base in New Jersey for the sect was Temple #25 on South Orange Avenue in Newark. Six assassination murders are attributed to this group, including that of Minister James (McGregor) Shabazz, head of the Nation of Islam Temple #25. The deaths of two Newark police officers are also attributed to the group. The officers had intervened in an attempted bank holdup by New World of Islam members.

Out of the New World of Islam emerged one of Essex County's and Northern Jersey's chief narcotics distribution networks, the Wasee (Baker) Fray group, or "The Family." In 1985, Fray attempted to control all narcotics distributors in Newark. That attempt was unsuccessful, but Fray now supplies many independent dealers with cocaine, heroin, and other drugs in the North Jersey area. The Fray group's other business interests are boxing promotions, auto leasing and sales, and night club ownership. Its top people include Harold Breeden, a captain who owns a jewelry shop in Montclair and drives a Rolls Royce; Glen Hunter, another captain, who, with two lieutenants, is in charge of heroin distribution in Newark's Fourth Ward; and Howard McLeod, yet another captain who controls all illegal pills that are purchased out of Philadelphia.

Throughout the State there are a number of Black organized crime groups operating primarily in the Black areas of the cities. Their criminal activities are narcotics distribution and gambling. For the most part, the narcotics trafficking is controlled by the Blacks with no ties to traditional organized crime. The gambling activities are controlled by the Blacks, but most groups utilize the La Cosa Nostra "lay off" services.

Asian Organized Crime

Asian criminality has become immersed in Oriental communities in this country. The large Asian enclaves of New York and Philadelphia provide camouflage for Oriental criminal groups which directly impact on New Jersey.

During 1984, the President's Commission on Organized Crime conducted the first extensive investigation of Asian organized crime, revealing that Chinese criminals linked with La Cosa Nostra groups facilitate the importation and distribution of

heroin. Specifically disclosed were deliveries of Southeast Asian heroin to associates of the Genovese LCN organization. Intelligence information reveals that Chinese Tongs are financing the importation of huge quantities of heroin into the Northeast.

New Jersey law enforcement authorities anticipate an increase in Asian organized crime. They have particularly monitored the 1,000 Chinese restaurants that are operating throughout the State, since a number of these restaurants and other areas have been the victims of extortion and have knowingly hired Asian criminals. At the current time, we have documented several incidents of this type of criminal activity occurring in New Jersey.

Japanese criminality is suspected in North Jersey, where Japan is the leading foreign investor and where most of Japan's 200 New Jersey-based companies are located. Law enforcement authorities in this State are on the look-out for Japanese crime groups such as the infamous Yakuza, which preys on Japanese tourists and oversees workers by blackmail and other tactics.

Close to South Jersey, a Vietnamese gang of about 25 males operates out of South Philadelphia's Italian Market area. Vietnamese gangsters do not establish -- or respect -- territorial boundaries, are highly mobile, and engage chiefly in burglary, extortion, and weapons offenses. In New Jersey, Hudson and Essex counties have the largest concentration of Vietnamese refugees.

Organized prostitution under control of Korean criminals has developed in Philadelphia and in Camden and Wrightstown in New Jersey. Korean women are entering the country as "spouses" of military servicemen, who are being paid as much as $10,000 to marry them and then divorce them after entering the country.

Russian Organized Crime

Russian criminal activity was first observed during 1975. Closest to New Jersey are two concentrations of Russian criminals commonly referred to as the Malina. The larger group is headquartered in the Brooklyn neighborhood of Brighton Beach, and the other is located in Northeast Philadelphia. An estimated 400 Russians are suspected of being involved in organized criminality in New York, as against approximately 100 Russians in the Philadelphia area. The Malina has been characterized as "loosely knit" and also as a confederation based on geographical origins of gang members. Certain gangs are known as the Odessa gang, the Kiev gang, the Moscow gang, the Potato Bag gang, the Leningrad gang, and the Gypsy gang. Crimes perpetrated by the Malina include homicide, extortion, narcotics distribution, counterfeiting, burglary, sophisticated insurance frauds, arson, auto theft and larceny, and shoplifting. The victims of such transgressions usually have been Russian immigrants or Jewish merchants, who reside or operate in Russian communities. Members of the Malina have allied themselves with the Colombo, Lucchese,

and Genovese crime organizations. Together they have controlled "no brand" gasoline distribution and retail sales on Long Island. It has been estimated that Russian mobsters working with the Colombo crime group evaded up to $90 million in Federal and State sales taxes between 1980 and 1986 by bootlegging gasoline.

Outlaw Motorcycle Gangs

New Jersey is plagued by four active outlaw motorcycle gangs. In descending order of menace, the gangs are the Breed, the Pagans, the Warlocks, and the Wheels of Soul. The gangs operate predominately in New Jersey's southern counties. However, the Pagans have two chapters in Union County. Additionally, each gang has a chapter operating out of Philadelphia and Bucks County, Pennsylvania.

The methamphetamine drug trade is the largest revenue-producing activity among the gangs. The Pagans probably once produced and distributed the largest amounts of methamphetamine in New Jersey, but the Breed boast of having taken over the trade since the Pagans began maintaining a low profile. Other criminal activities engaged in by the "bikers" are auto theft, counterfeiting, weapons offenses, fencing stolen property, fraud, forgery, assault, and larceny.

Several members of the various gangs own legitimate businesses, such as tattoo parlors, auto repair shops, motorcycle shops, and janitorial services. These serve as fronts for their illicit activities and provide "places of employment" for gang members.

The Breed is the most prolific and fastest growing outlaw motorcycle gang in New Jersey. The Breed has three chapters: The Jersey chapter, which is the "Mother" chapter operating out of Middlesex County; a South Jersey chapter, operating out of Riverside; and the Trenton-Bucks chapter. The Breed consists of 90 members and approximately 50 associates. In 1983, the Breed aggressively recruited smaller motorcycle gangs. The Bandana motorcycle gang now is openly being recruited for Breed membership. A unit known as the Nomad Chapter is an elite element in the organization. It conducts all of the most serious gang business, ranging from homicide to child pornography. Nomads do not have to belong to any other chapter within the Breed because of their special responsibilities, loyalty, and stature in the gang.

The Breed is as violent as any other motorcycle gang and is the largest operating in New Jersey. Its president, referred to as the "U.S.A.," is Salvatore DeIulio.

Members of the Breed operate tattoo parlors in five New Jersey counties, from which methamphetamines are distributed. In addition, Breed member Ralph Esposito, owner of Rapid Motor Transport, a car carrier/transport company, ran a chop-shop

operation from his facility. Earlier this year, he was arrested by Federal agents for counterfeiting $20 bills. The Breed's major criminal activity is narcotics distribution.

With the Pagan gang deliberately maintaining a low profile, the Breed has been able to operate with little competition. Also, the Breed's membership expansion has made it the most threatening motorcycle gang in New Jersey.

The Pagan motorcycle gang, once one of the nation's largest, has been maintaining a low profile since the arrest and incarceration of its national president, Paul (Ooch) Ferry. Moreover, the national headquarters of the "Pagan Nation" has been relocated from Long Island to Pittsburgh under the new leadership of Merrell (Jackpot) King. There are three New Jersey chapters of the Pagans Motorcycle Club. They are the North Jersey Chapter, operating primarily out of Union County; the Elizabeth Chapter; and the South Jersey (or Atlantic City) Chapter. Several members of the Philadelphia Chapter, with approximately 24 members, also operate criminally in South Jersey.

The leader of the Pagan chapters in New Jersey are Steven (Suds) Soderlind of the North Jersey chapter; Michael (Rocky) Matthews of the Elizabeth chapter; and Jay (Junior) Rasch of Atlantic City.

Prior to the massive law enforcement crackdown of the Pagans, they were strong enough to deal directly with the Scarfo LCN. Much of the interaction between the Pagans and the Scarfo organization centered on the methamphetamine trade. That relationship broke down when Scarfo LCN associates and Pagan members started warring after Pagan associate Roland Kownacki was robbed. In addition to the manufacture and distribution of methamphetamines, the Pagans are involved in fencing stolen property, burglary, and weapons offenses.

Pagans in the New Jersey chapters reportedly have been ordered to cease drug trafficking and to avoid attracting law enforcement and media attention. It appears that the Pagans are consolidating and rebuilding while also guarding against losing members and turf to other gangs.

The Warlock motorcycle gang, a regional gang based in Southeast Pennsylvania, also maintains a chapter in South Jersey. This chapter disbanded during the 1970s due to arrests and successful prosecutions. However, the South Jersey chapter, which has 25 members, is now vigorously recruiting new members under the leadership of Raymond (Clay) Ferrochio, the chapter president. The Warlocks are extremely violent. They are heavily involved in the manufacture and distribution of methamphetamines. The gang also trafficks in stolen vehicles and firearms. The Warlocks are linked to Roofers Union Local 30 through membership, and by conducting strong-arm tactics for the Local. (Roofers Union Local 30 has strong connections to the Scarfo LCN.) The damage

inflicted on the Pagan Motorcycle Club by successful Federal prosecutions has resulted in an expansion of Warlock activity into traditional Pagan territory in Southern New Jersey.

The Wheels of Soul motorcycle gang is an interracial gang consisting of predominantly Black members but also carrying a small White membership. This group consists of at least 36 members and approximately 25 associates. This gang's principal criminal activities are distributing methamphetamines, weapons offenses, dealing in stolen property, counterfeiting, assault, fraud, and burglary. Operating throughout the southern half of New Jersey and in Philadelphia, the Wheels of Soul conducts most of its activities in Atlantic, Middlesex, Burlington, and Camden counties.

The arch rival of this gang is the Pagan gang. Several years ago, the Wheels of Soul were violently competing against the Pagans for the Atlantic City methamphetamine drug market. Since the law enforcement crackdown on Pagan operations in South Jersey, the violence has ceased, and the Wheels of Soul now control the methamphetamine market in Atlantic City.

* * *

**TESTIMONY OF EDWARD S. G. DENNIS, JR.**

Traditional orgainized crime, or La Cosa Nostra, or "the Mafia," has been a part of the tapestry of life in Philadelphia for a long time. In looking back from the present, however, the night of March 21, 1980 may well stand out as a landmark in the history of the LCN in Philadelphia. For on that night the boss of the Philadelphia/South Jersey LCN family, Angelo Bruno, known as "the gentle Don" because of his relatively non-violent tenure, was killed by a point-blank shotgun blast behind his right ear as he sat in the passenger seat of an automobile outside his South Philadelphia home. Thus began an unprecedented series of murders and attempted murders marking a power struggle within the family for the right to succeed Bruno.

On April 18, 1980, Antonio "Tony Bananas" Caponigro, 67, consigliere for the Bruno LCN family, was found dead in South Bronx, New York. He had been tortured, beaten, strangled and repeatedly stabbed and shot and his naked body was in a mortuary bag stuffed in the trunk of a car. Approximately $300 in $20 bills was found stuffed in various parts of his body.

Alfred Salerno, 64, brother-in-law and chauffeur of Caponigro was also found dead on April 18, 1980 in the Bronx about four miles from where Caponigro's body was discovered. He had been shot three times behind the right ear and once behind the left ear. Rope was tied around his neck. The autopsy report indicated rope burns on the neck, wrist and ankles. Also, most of the bones in his face were broken.

On September 19, 1980, John "Johnny Keyes" Simone, 70, cousin of Angelo Bruno, was found shoeless in weeds off a highway in Staten Island. He had been shot in the back of the head with a shotgun. He was a capo in the Bruno LCN family and for a time was considered Bruno's possible successor.

On October 29, 1980, Frank Sindone, 52, was found stuffed in a trash bag with his hands and feet bound in the rear driveway of a shopping center in South Philadelphia. He had been shot three times in the head with different caliber hand guns. The knees of his trousers were dirty, leading police to believe that he had kneeled to beg for his life. Sindone was the principal loanshark for the Bruno LCN family.

On December 16, 1980, John McCullough, 60, head of Roofers Local 30, a powerful, violence-prone labor union with strong ties to organized crime, was shot to death inside his home in northeast Philadelphia. The assailant entered his home posing as a flower deliveryman bringing poinsettas. McCullough was gunned down in the kitchen in front of his wife while talking on the phone. He was shot six (6) times in the head with a .22 caliber automatic pistol.

Phillip Testa, who succeeded Bruno as boss of the LCN family, was killed by a bomb blast as he arrived at the front door of his South Philadelphia home in the early morning of March 15, 1981, less than one year after Bruno's death.

The current boss of the Philadelphia/South Jersey, LCN family, Nicodemo Scarfo, succeeded Testa, and there began another series of murders and attempted murders apparently designed to consolidate Scarfo's power.

On January 7, 1982, Frank "Chickie" Narducci was shot ten times at close range in the head and chest as he emerged from his car in South Philadelphia. At the time Narducci was a capo in the LCN family and was on trial in federal court on racketeering charges and awaiting sentencing on other federal charges.

On March 15, 1982, Rocco Marinucci was found dead of multiple gunshot wounds to the chest, neck and face with three large firecrackers stuffed in his mouth. Marinucci was later identified as the person who detonated the bomb that killed Phil Testa, and his body was found exactly one year from the day Testa was killed.

On May 13, 1982, Frank Monte, an LCN member, died from five gunshot wounds in the back, the head, the arms, and his hands. Monte was shot by Joseph Pedulla, an associate of LCN member Harry "the Hunchback" Riccobene, and thus became the first casualty in an escalating war between Scarfo and a dissident LCN faction headed by Riccobene.

On June 8, 1982, Harry Riccobene was shot and wounded while stepping out of a telephone booth in South Philadelphia.

On July 31, 1982, Salvatore Testa, the son of Phil Testa and a capo in the LCN, was shot and wounded by Victor DeLuca and Joseph Pedulla, associates of Harry Riccobene.

On August 21, 1982, Harry Riccobene was again shot at while sitting in his car but there were no injuries.

On April 29, 1983, Pasquale "Pat the Cat" Spirito, an LCN member, was shot in the back of the head while sitting in his car in South Philadelphia. Spirito was killed for failing to carry out a contract to kill Robert Riccobene, the brother of Harry Riccobene.

Around September, 1983, the Philadelphia LCN family created a "hit list" containing the names of several persons associated with the Riccobene faction of the LCN: Frank Martinez, Robert Riccobene, Salvatore Tamburrino, Joseph Kahana, Robert Rego, Thomas Inverato, and Richard Gregorio.

On October 14, 1983, Frank Martinez was shot several times but survived.

On November 3, 1983, Salvatore Tamburrino was shot four times in the head, the chest and his two legs and killed.

On December 6, 1983, Robert Riccobene was shot in the back of the head with a sawed-off shotgun while trying to scramble over the fence in the backyard of his mother's house in Southwest Philadelphia. Riccobene's mother was present at the time of the murder and was struck in the head when she screamed.

On December 10, 1983, four men attempted to kill Salvatore Testa by firing on the car carrying Testa and his bodyguards at an intersection in South Philadelphia. No one was hurt.

In January, 1984, Nicodemo Scarfo called off the rest of the "hit list".

On September 14, 1984, Salvatore Testa, a capo in the LCN, was shot in the back of the head and his body dumped in Gloucester Township, New Jersey.

On July 23, 1985, Frank "Frankie Flowers" D'Alfonso was shot to death on a street corner in South Philadelphia.

As in other areas of the country, the Philadelphia/ South Jersey LCN and its associates have been involved in all manner of criminal activity above and beyond the murders and attempted murders I have mentioned, including drugs, gambling, loan sharking, and illegal union activity. Successful prosecutions have been numerous. Among the more significant prosecutions are the following:

(1) United States v. Francis Sheeran - District of Delaware: Sheeran, the President of Teamsters Local 326 in Wilmington, Delaware, was convicted of RICO, RICO conspiracy and mail fraud arising out of a scheme whereby Eugene Boffa made massive payoffs to Sheeran in exchange for guarantees of labor peace and, in some instances,

contracts at less than established rates to Boffa's customers. Boffa ran a labor leasing business which provided truck drivers to various companies. There was evidence at trial that Boffa shared profits from the scheme with Russell Bufalino, the head of the LCN in Northern Pennsylvania, and Anthony Provenzano, reputed capo in the Genovese LCN family. Sheeran was sentenced to 18 years in prison, Boffa to 20 years and the three other defendants to sentences ranging from 24 months to 12 years. Corporate assets of approximately $250,000 were also forfeited.

(2) United States v. Raymond Martorano - Eastern District of Pennsylvania: Martorano, an LCN member, was convicted of conspiracy to purchase over 250 gallons of P2P, the principal ingredient in the manufacture of methamphetamine, at a cost of over $500,000, as well as a substantive count of purchasing 52 gallons of P2P. On July 1, 1982, Martorano was sentenced to 10 years in prison.

(3) United States v. Joseph Ciancaglini - Eastern District of Pennsylvania: On May 7, 1982, Joseph Ciancaglini, a capo in the LCN, Harry Riccobene and Pasquale Spirito, LCN members, and three associates were convicted of RICO and RICO conspiracy consisting of illegal gambling activity, collection of credit by extortionate means, and fraud. Two other defendants, Phillip Testa (boss of the LCN) and Frank Narducci (capo) were murdered before trial in the case. On June 25, 1982, the defendants received sentences ranging from two and one-half to ten years. Spirito was murdered while his appeal was pending.

(4) United States v. Alberto Ficalora - Eastern District of Pennsylvania: Ficalora and several other defendants were convicted of involvement in an international heroin trafficking organization with ties to the LCN in New Jersey and New York. During the course of the investigation, undercover agents purchased five and three-quarters kilograms of heroin with an estimated street value of $8 to $10 million. The defendants received sentences ranging from 20 to 35 years in prison.

(5) United States v. Victor DeLuca - Eastern District of Pennsylvania: DeLuca plead guilty to conspiring with Harry Riccobene and others to murder Nicodemo Scarfo (boss), Salvatore Merlino (underboss), Frank Monte (consigliere), Salvatore Testa (capo), Joseph Ciancaglni (capo), and Raymond Martorano (soldier). Monte was killed on May 13, 1982 and Salvatore Testa was shot and wounded on July 31, 1982. DeLuca agreed to cooperate, and his testimony led to the conviction of Harry Riccobene and two others for the Monte murder. On July 2, 1985 DeLuca was sentenced to 16 years in prison.

(6) United States v. Steven Traitz, Jr., et al. - Eastern District of Pennsylvania: Steven Traitz, Jr., business manager of the Roofers Union in Philadelphia, and 12 other members of the union were convicted in November, 1986 of RICO, RICO conspiracy, extortion, collection of credit by extortionate means, embezzlement, and other crimes, including

charges that Traitz and other members attempted to collect debts on behalf of Scarfo. The evidence in the case included a tape recording of a conversation in which Traitz admits going to see Scarfo and requesting Scarfo's support for the right to succeed John McCullough as head of the union. The Government also presented a videotape of Traitz and other union members attending a Christmas party for Scarfo on December 19, 1985. The defendants were sentenced on January 22, 1988 and March 4, 1988 to sentences ranging from three to 15 years.

The most recent breakthrough in the investigation of the LCN in the Philadelphia area began in June, 1986, when LCN member Nicholas Caramandi was arrested along with Philadelphia City Councilman Leland Beloff and Beloff's aide Robert Bego for attempting to extort $1 million from developer Willard Rouse in exchange for the introduction of certain legislation into City Council. The arrests were the result of an extensive undercover investigation by the FBI designed to infiltrate the Philadelphia LCN. The complaints were subsequently dismissed in order to allow part of the undercover operation to continue. On October 27, 1988, Beloff, Bego and Caramandi were indicted and charged with extortion.

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As a direct result of the cooperation of Caramandi and Del Giorno, numerous criminal charges have been brought against Scarfo and various members of his LCN family. On January 5, 1987, a Superseding Indictment was returned charging Scarfo and Charles Iannece, another LCN member, with the Rouse extortion and conspiracy. Scarfo was found guilty on those charges on May 6, 1987, and on August 5, 1987 sentenced to 14 years. Iannece was a fugitive until October, 1987. The charges against Iannece were later dismissed and incorporated into a larger RICO prosecution.

In May, 1987, the City of Philadelphia charged Scarfo and seven LCN members with the murder of Salvatore Testa, a former "capo" in the Scarfo LCN family. That case is currently on trial in Philadelphia.

In July, 1987, the City of Philadelphia charged Scarfo and six other LCN members with the murder of Frank D'Alfonso, a former LCN associate. That case is scheduled to go to trial as soon as the Testa case is completed.

On January 11, 1988, Scarfo and 18 other LCN members were indicted and charged with RICO and RICO conspiracy based on predicate acts involving ten separate murders, four attempted murders, extortion, drugs, illegal gambling, and loan sharking. No trial date has been set in that case.

At present most of the active members of the Philadelphia/South Jersey LCN are either under indictment, in custody, or both. If successful, this series of prosecutions could effectively remove the LCN from criminal activity in this area for at least the immediate future.

The potential success of these prosecutions is the direct result of extensive cooperation among federal, state and local law enforcement agencies. In April, 1982, as a result of the extraordinary series of LCN-related murders following the death of Angelo Bruno, the Philadelphia Strike Force, the FBI and the Philadelphia Police Department formed a Homicide Task Force consisting of FBI agents, police officers and prosecutors devoted to investigating and solving the numerous murders. The Homicide Task Force has resulted in a number of successful prosecutions on several of the LCN-related murders.

For example, Raymond "Long John" Martorano, an LCN member, Albert Daidone, a union official from Atlantic City, and Willard Moran were all convicted in state court for the murder of John McCullough, former head of the Roofers Union. Theodore DiPretoro plead guilty to the murder of Phil Testa, former boss of the LCN in Philadelphia. Harry Riccobene, Victor DeLuca, Joseph Pedulla, Joseph Casdia, and Vincent Isabella were all convicted for their participation in the murder of Frank Monte. Ronald DiCaprio was convicted of RICO for his participation in the murder of Pasquale Spirito. With the recent cooperation of Del Giorno and Caramandi as many as 10 more of these murders are currently the subject of various federal and state prosecutions.

The decisions of Del Giorno and Caramandi to cooperate in November, 1986, also presented a major challenge to law enforcement agencies in both Pennsylvania and New Jersey. The United States Attorney's Offices in Philadelphia and New Jersey, the Strike Forces in Philadelphia and New Jersey, the Philadelphia District Attorney's Office, the New Jersey Attorney General's Office, the Pennsylvania Attorney General's Office, the FBI, DEA, the Philadelphia Police Department, and the New Jersey State Police got together and carefully planned and coordinated the debriefing and handling of these two witnesses. The result has been a series of prosecutions in New Jersey and Pennsylvania designed to remove as many LCN members as possible from criminal activity in this area.

The degree of cooperation enjoyed in this area is best exemplified by the recent prosecution and conviction of Scarfo for the attempted extortion of Willard Rouse. The evidence presented in that case included the testimony of Caramandi and Del Giorno, tape recordings made by an FBI undercover informant, surveillances and surveillance photographs done by the New Jersey State Police, the Philadelphia Police, the FBI, and the Fort Lauderdale, Florida police and a videotape make by the FBI of persons arriving at Scarfo's annual Christmas party. Perhaps the most remarkable piece of evidence, however, was a

videotape made by Sgt. Anthoy Gatto of the New Jersey State Police on June 16, 1986. Sgt. Gatto was assigned to the Bally's Casino in Atlantic City. While leaving the casino around 1:00 p.m. on June 16, Sgt. Gatto recognized Scarfo and Philip Leonetti, Scarfo's "underboss", talking to two other men on the boardwalk. Sgt. Gatto got on a pay telephone, called the casino and directed the casino's outside surveillance cameras to focus on the group of four men and to videotape the meeting. The videotape was then sent to the New Jersey State Police. After Caramandi began cooperating in November, 1986 he described a crucial meeting on the boardwalk in mid-June, 1986 with Scarfo and Leonetti, relating to the Rouse extortion at which Scarfo dictated how the proceeds of the extortion would be divided. The FBI checked with the New Jersey State Police and the videotape made by Sgt. Gatto turned out to be a tape of that meeting and was a crucial piece of evidence at trial.

The President's Organized Crime Drug Enforcement Task Force has also proved to be an effective aid to the law enforcement effort against the LCN. In particular the Ficalora drug case mentioned previously was handled as an OCDETF case.

Finally various weapons in the federal arsenal continue to be used effectively in the battle against the LCN. TItle III wiretaps have been an essential ingredient in many of the major cases against LCN members and associates. The RICO statute has also been used effectively in several prosecutions in order to present in the course of a single case a complete picture of the nature and structure of the LCN as well as the diversified criminal activity the LCN engages in. There have also been significant forfeitures sought and obtained as a result of these prosecutions.

In short, we expect that the only battles the Philadelphia/South Jersey LCN will be fighting over the next year or so will be in the courtroom.

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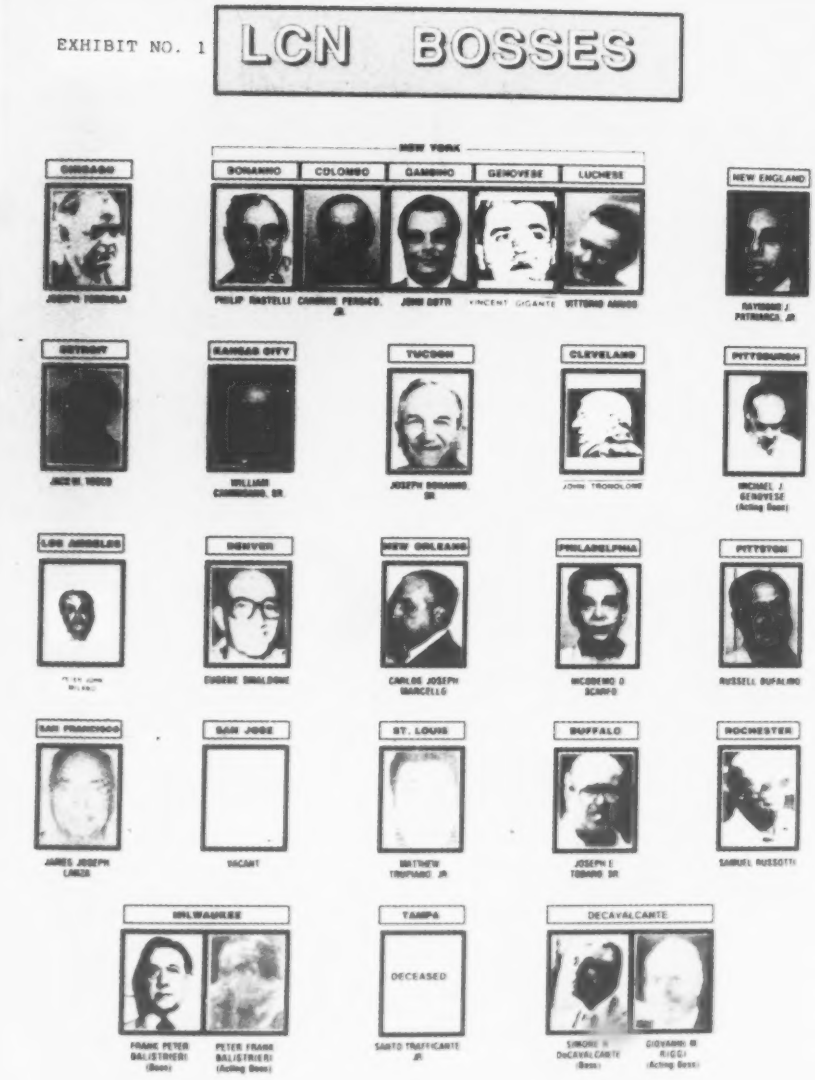


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# BONANNO HIERARCHY

EXHIBIT NO. 2

**1987**

PHILIP RASTELLI

BOSS*

ANTHONY SPERO

CONSIGLIERE

JOSEPH MASSINO

UNDERBOSS

LOUIS ATTANASIO

JOSEPH CHILLI

ALFRED EMBARRATO

SALVATORE FARRUGGIA

ANTHONY GRAZIANO

GABRIEL INFANTI

FRANK LINO

CHARLES MUSCATO

SALVATORE VITALE

LOUIS RESTIVO

* INCARCERATED

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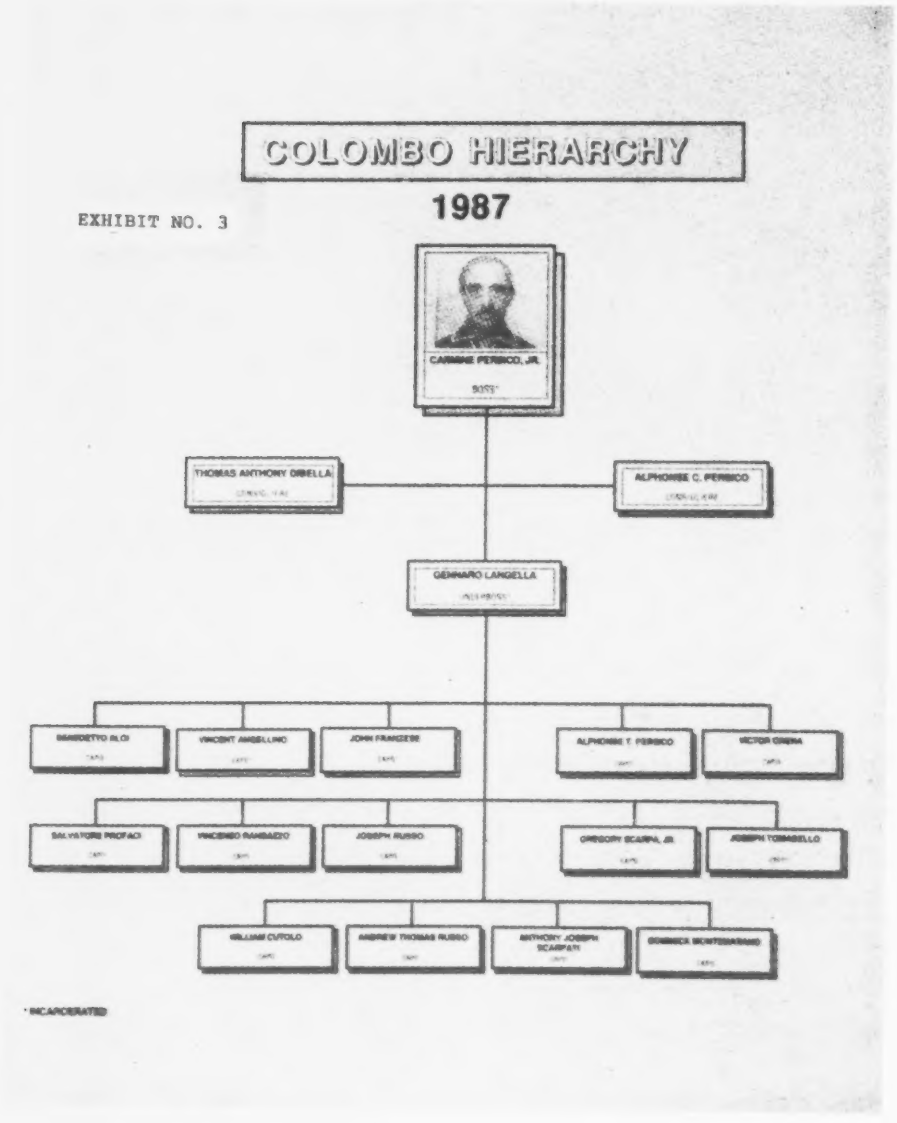


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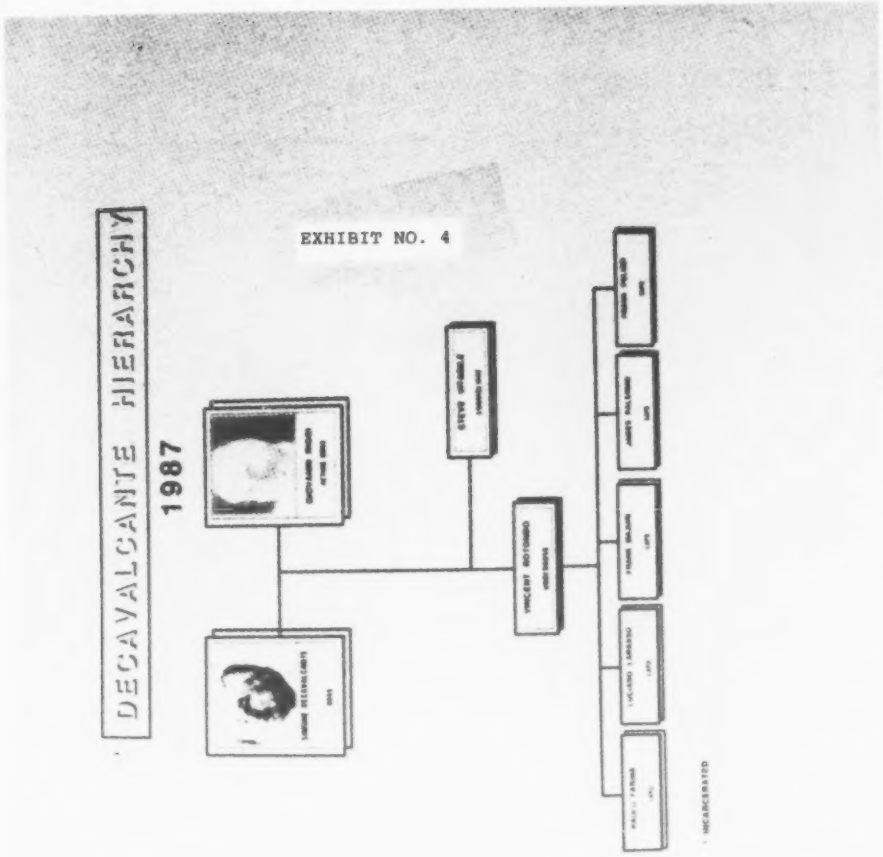


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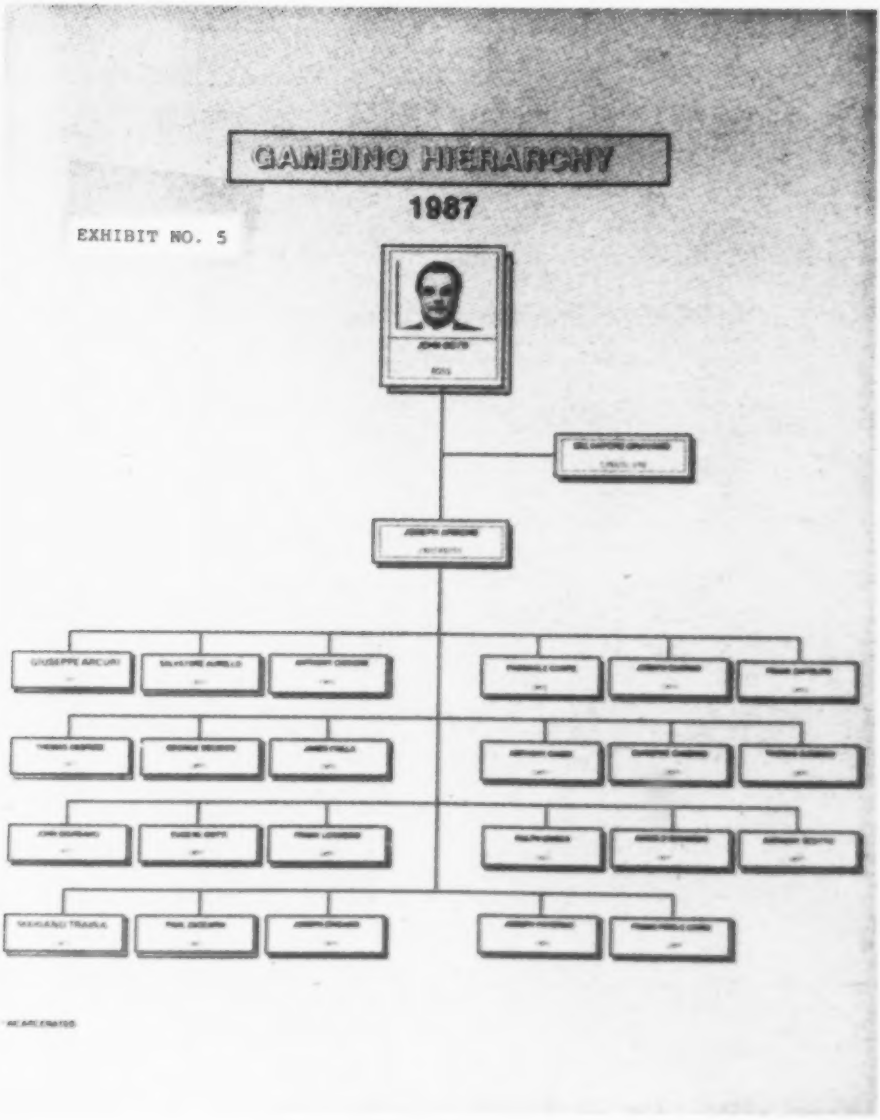


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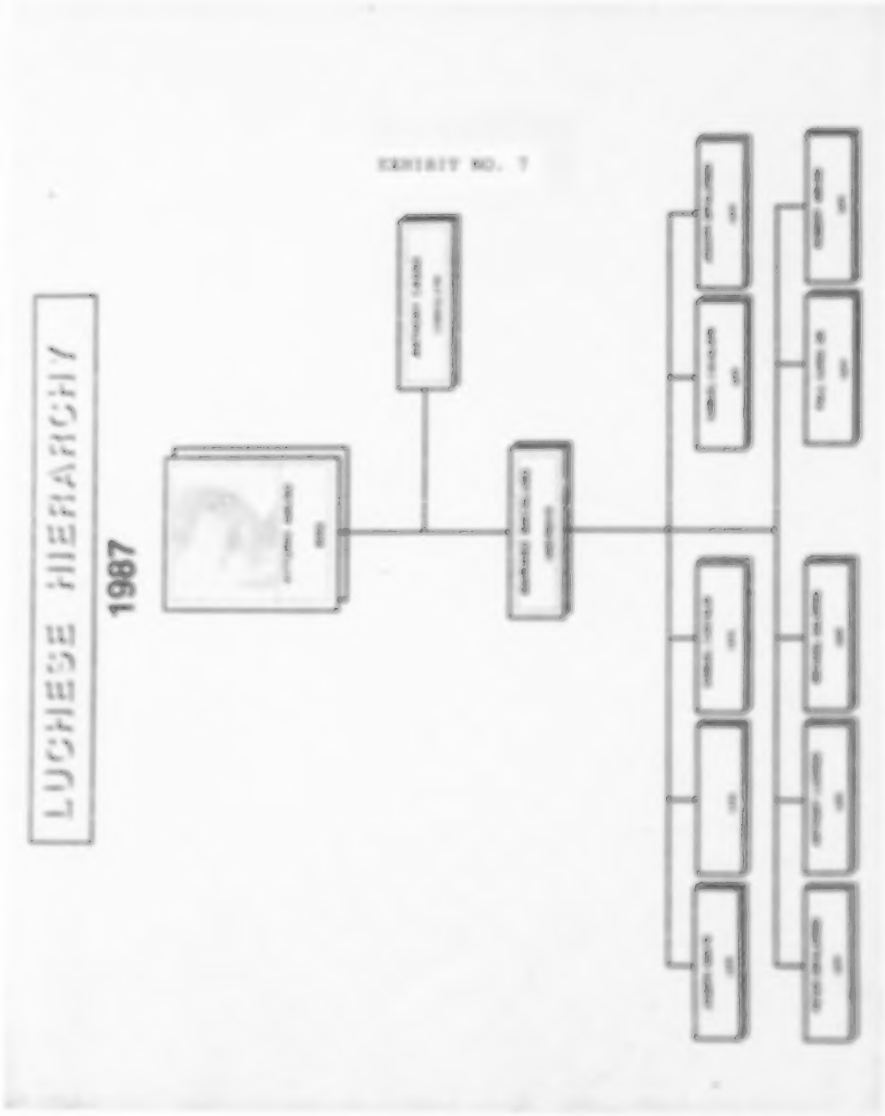


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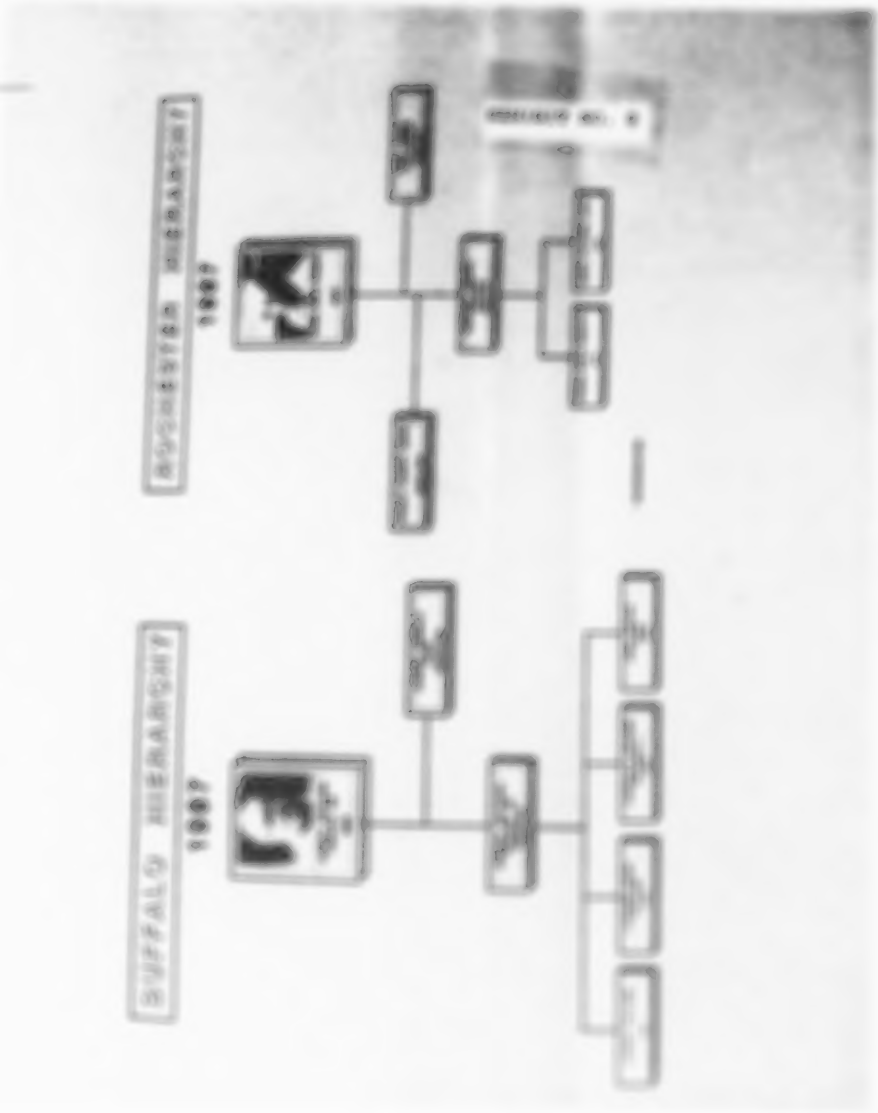

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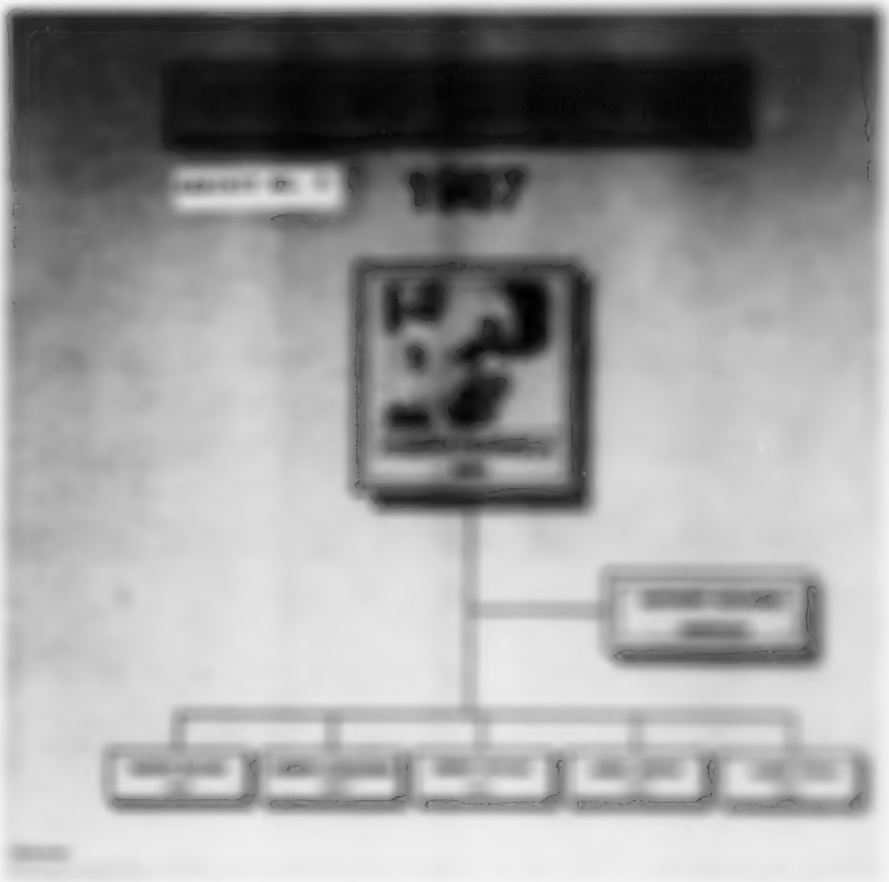

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# CLEVELAND HIERARCHY

## 1987

# DENVER HIERARCHY

EXHIBIT NO. 11

## 1987

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[redacted]

[redacted]

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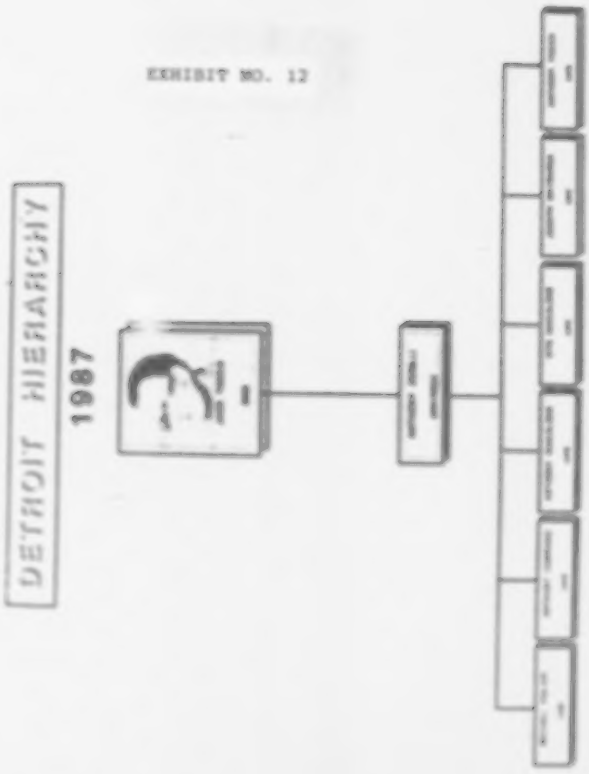
EXHIBIT NO. 12

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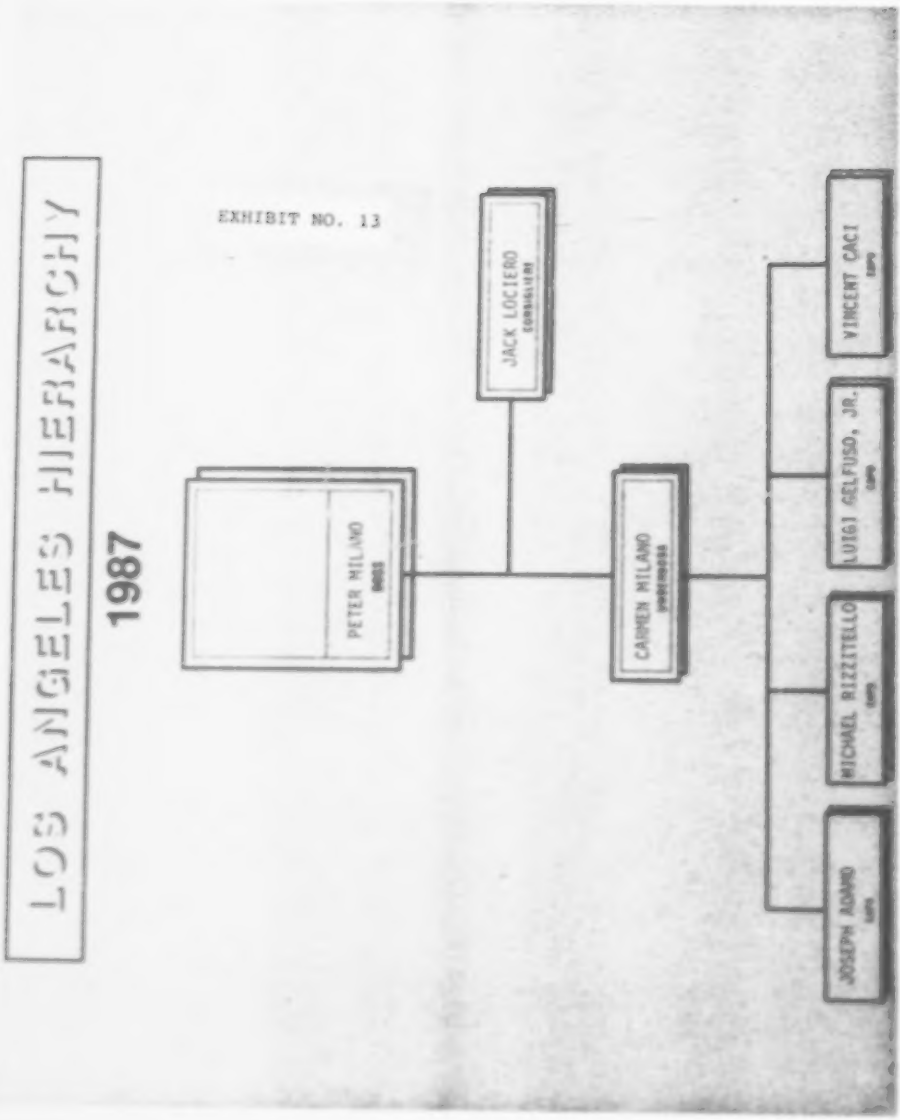


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# PHILADELPHIA HIERARCHY

## 1987

EXHIBIT NO. 15

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EXHIBIT NO. 16

# PITTSBURGH HIERARCHY

## 1987

MICHAEL JAMES GENOVESE
ACTING BOSS

ANTONIO RIPEPI
CAPO

JOSEPH SICA
CAPO

THOMAS ANTHONY CIANCUTTI
CAPO

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# PITTSTON HIERARCHY

## 1987

EXHIBIT NO. 17

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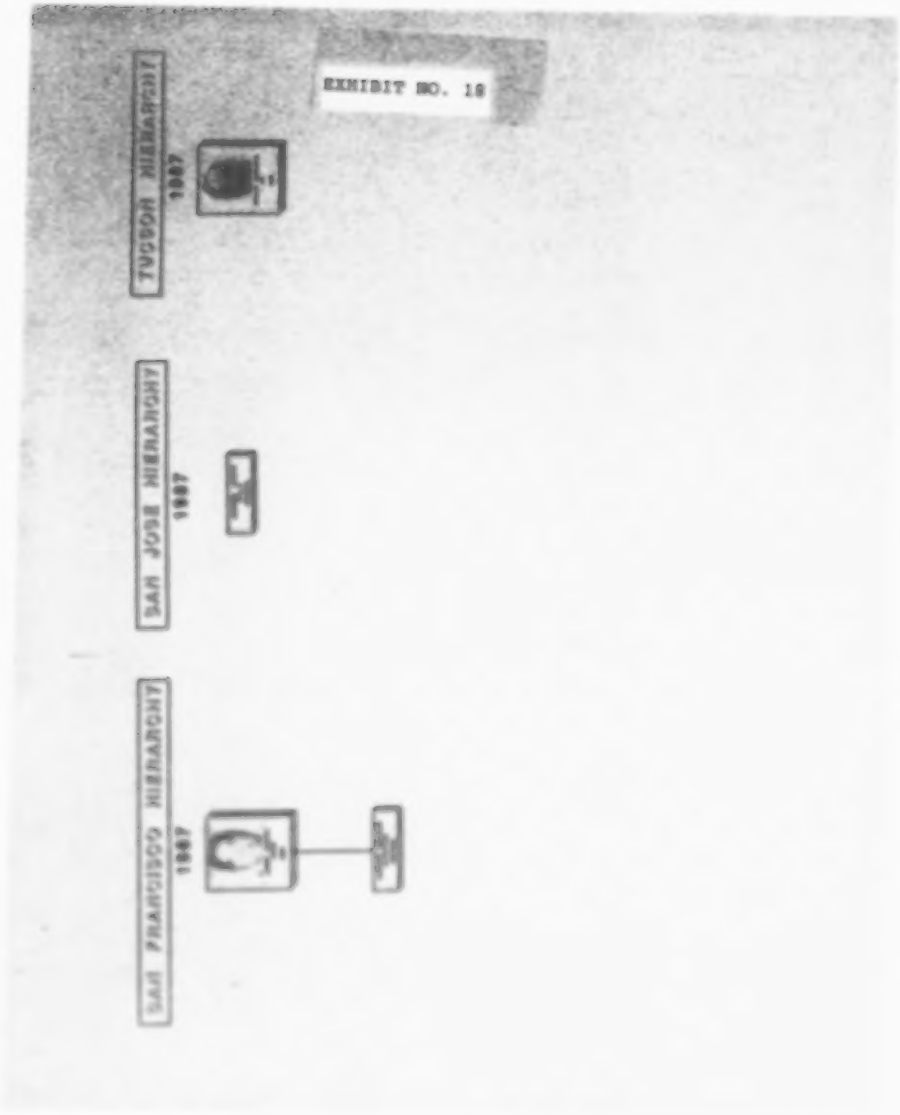


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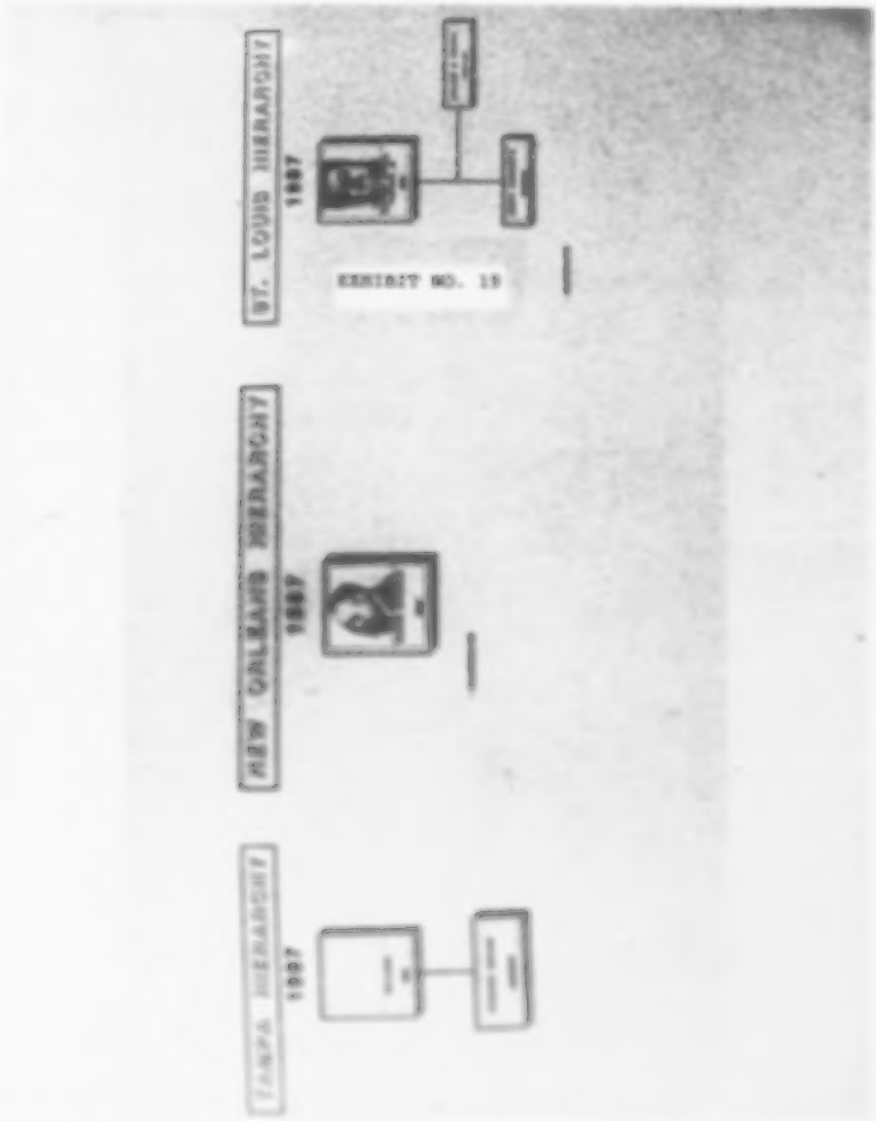


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New York LCN **BONANNO FAMILY** Soldiers

Aiello, Anthony
Amarante, Vincent
Amato, Baldassare
Asaro, Vincenta
Alfano, Nicholas
Andolora, Russell
Arena, Anthony
Badalamenti, Antonio
Battaglia, Charles
Benanti, Joseph
Bonacci, Anthony
Bonanno, Salvatore
Bonomo, Frank
Bruno, Salvatore
Buccellato, Joseph
Cacioppo, Antonio
Calagrone, John
Cannone, Ignazio
Cinguemani, Peter
Cosenza, Anthony
Cacciamise, Salvatore
Calabra, Anthony
Cammarata, Gaspar
Campanella, John Joseph
Capasso, Vincent
Capparelli, William
Catalano, Salvatore
Chilli, Gerald F.
Chilli, Joseph John III
Cocoiero, Pasquale
D'Amico, Joseph
D'Angelo, Frank
Defilippo, Patrick
Defilippo, Vito
Distefano, Nicholas
Duce, Ralph
Demarino, Alphonse
Difiore, Thomas J.
Doctovio, Salvatore
Episcopia, James
Faraci, John
Fusbolino, Giovanni
Gannavola, August
Galanto, James
Genna, James
Gonaldi, Vito J.
Guarragna, Emanuel J.
Indelicato, Anthony
Indelicato, Joseph B.
Licata, John
Lino, Robert
Lapi, Angelo
Lorenzo, Ronald
Lucido, Anthony
Marchese, Salvatore
Maiorino, Salvatore
Marangello, Nicholas
Mauro, Russell
Messina, Anthony
Messina, Joseph
Mirabile, Salvatore
Marrotta, Frank
Montelcone, Peter
Morale, Rosario
Morale, Salvatore J.
Navarra, Francesco
Palaconte, John
Persi, Anthony
Perrotta, Robert
Piccarretta, Rene
Pitera, Thomas
Pizzo, Giuseppi
Pollastrino, Armondo
Primiano, Michael
Rabito, Anthony
Rato, Anthony Peter
Rivello, William
Rosa, Peter
Ruggiero, Benjamin
Sabella, Michael
Santora, Nicholas
Scala, Ronald
Sciascia, Gerlando
Scicchitano, John
Saviero, Vincent
Spadaro, Anthony
Tarpanella, Serano
Tiburella, Richard
Tagliaretti, Joseph
Travella, Charles
Urso, Anthony
Valente, Costenzo
Zancocchio, John
Zingoli, Pasquale

New York City **COLOMBO FAMILY** Soldiers

Abbatemarco, Anthony
Abt, Vincenzo
Barbieri, Robert
Bellino, Michaelangelo
Bianculli, Joseph Patrick
Bratta, Dominic Angelo
Cavasos, Joel J.
Cammarano, Gaspare
Carna, Joseph
Castello, Dominick F.
Cirillo, Alphonse
Commendo, John
Demarinis, Fred
Demarinis, James G.
Demarinis, Jerry
Colombo, Anthony Edward
Colombo, Anthony, Joseph Jr.
Colombo, Joseph Jr.
Daggit, Gaetano Frank
Dambrosio, Alphonse Peter
Dambro, Paul
Dello, Leonard George
Falco, Robert J.
Fanelli, Edward
Farnan, Thomas Ralph
Francolla, Dominic
Francolla, Michael John
Franco, Frank Richard
Franco, Salvatore Joseph
Gambino, Philip
Gangone, Joseph
Gelardo, Nicholas Patrick
Guglielmi, Vincent
Guzzo, Vito
Iannaci, Joseph
Imbusi, Anthony
Lacomarda, Ernest
Lahaie, Joseph
Lauri, Joseph
Lecours, Benjamin Augustus
Lecours, Frank R.
Lombardino, Roberto Giovanni
Lombardino, Salvatore
Lupo, Joseph
Magliocco, Antonino
Magliocco, Antonio Sr.
Mainello, Nicholas
Massino, Albert
Mangiapietri, Salvatore
Matrisiano, Anthony
Mancuso, Natale
Massaro, John
Matt, Frank
Matta, Vincent
Minichiello, Salvatore
Minasso, John
Miraglia, Rocco
Musacchio, Frank
Nannaro, Roberto
Panarello, Charles
Panarello, Dominic J.
Pata, John Richard
Peraino, Anthony Joseph
Persone, Salvatore
Persico, Theodore J. Jr.
Randazzo, James C.
Rizzo, Wally
Rosello, Philip
Russo, Anthony
Sangiorgio, Joseph Eugene
Savino, Michael
Scarpa, Gregory
Scarpa, James Vincent
Scarpo, Anthony
Scarpo, Annie
Schmidt, John
Scopo, Joseph
Scopo, Ralph
Sciacchino, Dominick
Sciarabba, Angelo
Tripodo, George
Trocchi, Joseph
Vitro, Richard

EXHIBIT NO. 24

New York LCN **LUCHESE FAMILY** Soldiers

Abinanti, Peter
Accardi, Carmine N.
Accetturo, Anthony
Aita, Victor
Arra, Nunzio F.
Avellino, Salvatore
Baratta, Anthony
Bellino, Frank
Belmont, Vincent
Bonina, Nicholas
Borelli, Frank
Capra, Joseph
Caputo, John
Carlino, Charles Salvator
Ciccone, Salvatore
Ciraulo, Vincent
Coco, Ettore
Conti, John Joseph
Croce, Anthony
Curcio, Joseph William
Cutaia, Domenico
Debenedictus, Savino
Defendis, Angelo
Dellacagna, Michael
Dellipaoli, Orlando
Deluca, Richard
Desimone, Andrew
Diconstanza, Nicholas
Didonato, Thomas
Diguardi, Thomas T.
Dilapi, Anthony
Dimeglio, Anthony J.
Dipalermo, Charles
Disimone, Salvatore
Facciolo, Bruno
Falco, Felice
Falco,James Michael
Falco, Philip
Federici, Anthony
Foceri, Louis N.
Frangiapani, Joseph Frank
Furnari, Christopher
Giampaola, Ciro Charles
Gioia, Frank
Graffagnino, Salvatore
Jannotta, Michael
Labarbara, Michael Sr.
Lagano, Frank Peter
Laietta, Donato
Lamela, John
Laratro, Joseph Albert
Larosa, Michael
Lasorsa, Anthony
Lasorsa, Nicholas
Latella, Daniel Joseph
Lessa, Nicholas
Locascio, Peter J.
Loduca, Paul
Lucchese, Joseph
Macaluso, Mariano
Magistro, Frank
Maneri, Salvatore
Mangiapane, Leonard P.
Manzo, Frank
Marone, Joseph F.
Migliore, Aniello Joseph
Moia, Frank
Niccio, Vincent Peter
Nuccia, Frank Joseph
Nuccio, Salvatore John
Oddo, Steven V. Sr.
Panica, Victor J.
Perna, Michael J.
Perri, Bruno
Piccioli, Carlo Antonio
Pinto, Antonio M.
Pizzolata, Leonard
Pizzolato, Vito
Porcelli, Anthony
Potenza, Vincent
Rao, Vincent J.
Reina, Giacomo
Ricciardi, Thomas Angelo
Rinaldi, Rosario
Russo, Anthony Peter
Santora, Salvatore
Sica, Joseph
Sorrentino, Jon
Suppa, Frank J.
Taccetta, Martin Ralph
Taccetta, Michael Stanley
Tortorello, Anthony
Truscello, Dominick J.
Tuminaro, Angelo
Tuso, Charles
Tutino, Ralph Joseph
Urgitano, Angelo Anthony
Vario, Peter
Vario, Thomas
Vintaloro, James
Zaccaro, Pasquale
Zito, Anthony

EXHIBIT NO. 25

# New York LCN GENOVESE FAMILY Soldiers

Annunziato, Salvatore
Aparo, Salvatore
Barone, George J.
Barra, Morris
Basso, Salvatore
Battaglia, James
Benedetto, Luigi
Bivona, Vincent
Bonadonna, Philip A.
Borelli, Michael A. Jr.
Bufania, Nicholas
Buono, Philip
Cacciatore, Frank
Cafaro, Vincent
Calabrese, Vincent
Campo, Eugenio
Cappola, Dominick
Carillo, Salvatore
Carpentiere, Nicholas
Catena, Gerardo
Cavanna, Peter Silvio
Celentano, Julius
Centore, Lawrence
Ciliente, Daniel
Cinquegrana, Benedetto
Cirillo, Dominick
Clemente, Michael
Conte, Ralph
Coppola, Michael J.
Coraluzzo, Orlando
Criscuola, Alfred
Criscuolo, Alfred
Cufari, Salvatore
Dambrosio, Anthony
Deiducca, John
Delio, Emilio
Demartino, Anthony
Demartino, Benjamin
Demicco, Tobia
Denoia, John
Dente, Joseph
Dentico, Larry
Dephillips, Thomas
Devingo, Anthony
Dibiase, Carmine
Digilio, John J.
Dilorenzo, Anthony L.
Dinapoli, Louis
Dinapoli, Vincent J.
Diquarto, Dominick
Disalvo, Vito W.
Doto, Joseph Michael Jr.
Esposito, Salvatore
Facchiano, Albert J.
Falco, Edward F
Falgiano, Sabato
Famularo, Joseph
Federici, Anthony
Ficarotta, Anthony
Fiumara, Tino
Fortunato, Matteo
Francomano, Anthony
Frustace, Nicholas
Galizia, Joseph
Gallo, Albert L.
Gangi, Rosario
Gazzio, Juliano
Gencarelli, Salvatore
Genese, Pasquale
Genovese, Michael
Geralle, Michael
Gerardo, Joseph F.
Giacalone, Anthony
Giardina, Joseph Jr.
Gigante, Mario
Gigante, Ralph
Giovanelli, Fred
Graziosi, Michael
Grieco, Orlando
Laietta, August Gerald
Lapadura, Joseph
Lapi, Angelo J.
Lapuma, Dominick
Larocca, Louis P.
Lascala, Joseph
Lauro, Salvatore
Lazzara, Ernest W.
Loiacono, Joseph
Lombardi, Salvatore
Lombardino, Paul
Longo, Alan
Luisi, Salvatore
Maida, Joseph
Maione, Michael
Maiongone, Alphonse
Manarite, Sam Filippo
Martino, Vincent Angelo
Masiello, John
Masselli, William P.
Mauro, Vincent
Mazzarati, Aldo
Mogavero, Joseph
Monaco, Felix Joseph
Monti, Frank V.
Morelli, Alexander
Mosiello, Mario
Napoli, James V.
Napurano, Salvarore D.
Nicolene, Michael
Noto, Philip Jr.
Odierno, Salvatore Jr.
Pacella, Louis
Pacelli, Vincent
Pagano, Daniel
Pagano, Joseph
Palmieri, Rosario
Palumbo, Arthur
Paradiso/Paradise, Wm.
Parisi, Camillo
Pecora, Joseph Sr.
Pecora, Thomas
Pellegrino, Carmine
Pelliccio, Frank H.
Pelose, Joseph
Perrone, Ciro
Perrone, Michael
Perrotta, Rocco
Pisani, Ilario J.
Pisauro, Victor
Pollina, Vincent
Polverino, Joseph
Potenza, Vincent J.
Principe, Amato (Matty)
Prisco, Rudolph
Provenzano, Anthony
Provenzano, Nunzio
Rago, Douglass
Randazzo, Joseph M.
Rao, Vincent C.
Riccardi, John
Roccamonte, Arthur
Romanelli, Michael
Romano, Carmine
Rosato, Alexander
Rotondo, Louis J.
Russo, John
Russo, Nicholas
Russo, Nunzio
Sabato, Joseph
Salerno, Angelo C.
Salerno, Anthony
Salerno, Fred
Salerno, Lawrence (Buddy)
Santaniello, Joseph
Santobello, Rudolph A.
Scalise, George
Scarglato, Daniel
Scarpinito, Joseph
Schipani, Joseph
Scibelli, Albert A.
Serpico, Frank
Serpico, Ralph
Sica, Angelo Carman
Somma, Gaetano
Spinelli, Jerry
Stancanelli, Peter
Stassi, Joseph
Stoppelli, John
Tarantino, Robert Steven
Tedeschi, Joseph
Tortorici, Joseph T.
Tourine, Charles
Traina, Joseph
Trameglino, Victor
Uricolo, Eugene C.
Vellucci, Anthony J.
Verra, John
Vicaro, Ralph
Vigorito, Fred
Vispisiano, Frank
Zerbo, Paul

EXHIBIT NO. 26

U. S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

HEARINGS ON

ORGANIZED CRIME: 25 YEARS AFTER VALACHI

NEW YORK CITY LCN FAMILIES MEMBERSHIP

APRIL 1988

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| AIELLO, ANTHONY | BONANNO | 08/19/38 |
| ALFANO, NICHOLAS | BONANNO | 12/10/94 |
| AMARANTE, VINCENT | BONANNO | 04/26/47 |
| AMATO, BALDASSARE | BONANNO | 12/31/51 |
| ANDALORO, RUSSELL | BONANNO | 04/25/09 |
| ARENA, ANTHONY | BONANNO | 06/06/14 |
| ASARO, VINCENT A | BONANNO | 03/04/35 |
| BADALAMENTI, ANTONIO | BONANNO | 06/05/33 |
| BATTAGLIA, CHARLES | BONANNO | 03/01/17 |
| BENANTI, JOSEPH | BONANNO | 08/21/34 |
| BONACCI, ANTHONY | BONANNO | 07/07/30 |
| BONANNO, JOSEPH | BONANNO | 01/18/05 |
| BONANNO, SALVATORE | BONANNO | 11/05/36 |
| BONOMO, FRANK | BONANNO | 04/24/01 |
| BRUNO, SALVATORE | BONANNO | 05/24/15 |
| BUCCELLATO, JOSEPH | BONANNO | 07/16/19 |
| CACCAMISE, SALVATORE | BONANNO | 05/27/25 |
| CACCAMISE, SALVATORE | BONANNO | 05/27/25 |
| CACIOPPO, ANTONIO | BONANNO | 01/24/09 |
| CALABRO, ANTHONY | BONANNO | 08/27/27 |
| CALTAGIRONE, JOHN | BONANNO | 03/12/28 |
| CAMMARATA, GASPAR | BONANNO | 12/04/29 |
| CAMPANELLA, JOHN | BONANNO | 06/26/15 |
| CANNONE, IGNAZIO | BONANNO | 06/16/15 |
| CAPASSO, VINCENT | BONANNO | 06/20/08 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| CAPPARELLI, WILLIAM | BONANNO | 02/11/35 | |
| CATALANO, SALVATORE | BONANNO | 02/24/41 | |
| CHILLI, GERALD | BONANNO | 07/26/36 | |
| CHILLI, JOSEPH | BONANNO | 07/07/33 | |
| CHILLI, JOSEPH J III | BONANNO | 02/27/56 | |
| CINQUEMANI, PETER | BONANNO | 03/20/20 | |
| COSENZA, ANTHONY | BONANNO | 10/28/22 | |
| COSOLETO, PASQUALE | BONANNO | 10/01/14 | |
| D'AMICO, JOSEPH | BONANNO | 09/09/55 | |
| D'ANGELO, FRANK | BONANNO | 10/07/14 | |
| D'OCTAVIO, SALVATORE | BONANNO | 05/11/32 | |
| DE FILIPPO, PATRICK | BONANNO | 03/04/39 | |
| DE FILIPPO, VITO | BONANNO | 08/23/12 | |
| DE MARINES, ALPHONSE | BONANNO | 02/15/06 | |
| DI FIORE, THOMAS J | BONANNO | / / | FBI #3884186 |
| DISTEFANO, NICHOLAS | BONANNO | 11/19/14 | |
| DUCE, RALPH | BONANNO | 05/11/18 | |
| EMBARRARO, ALFRED | BONANNO | 11/01/09 | |
| EPISCOPIA, JAMES | BONANNO | 11/15/28 | |
| FARACI, JOHN | BONANNO | 11/10/22 | |
| FERRUGIA, SALVATORE | BONANNO | 01/19/14 | |
| FIORDOLINO, GIOVANNI | BONANNO | 09/24/27 | |
| GALANTE, JAMES | BONANNO | 01/17/36 | |
| GENNA, JAMES | BONANNO | 07/06/30 | |
| GIANNAVOLA, AUGUST | BONANNO | 09/08/21 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| GRAZIANO, ANTHONY | BONANNO | 11/02/40 |
| GRIMALDI, VITO | BONANNO | 11/19/39 |
| GUARAGNA, EMANUEL | BONANNO | 11/02/32 |
| INDELICATO, ANTHONY | BONANNO | 03/26/56 |
| INDELICATO, JOSEPH B | BONANNO | 04/29/31 |
| INFANTE, GABRIEL | BONANNO | 03/26/35 |
| LAPI, ANGELO | BONANNO | 04/22/32 |
| LICATA, JOHN | BONANNO | 05/27/37 |
| LINO, FRANK | BONANNO | 10/30/37 |
| LINO, ROBERT | BONANNO | 11/20/30 |
| LORENZO, RONALD | BONANNO | 01/04/46 |
| LUCIDO, ANTHONY | BONANNO | 06/05/20 |
| MAIORINO, SALVATORE | BONANNO | 12/12/24 |
| MARANGELLO, NICHOLAS | BONANNO | 07/13/12 |
| MARCHESE, SALVATORE | BONANNO | 11/07/26 |
| MASSINA, JOSEPH | BONANNO | 01/10/43 |
| MAURO, RUSSELL | BONANNO | 05/23/38 |
| MESSINA, ANTHONY | BONANNO | 03/12/21 |
| MESSINA, JOSEPH | BONANNO | 01/20/14 |
| MIRABLE, SALVATORE | BONANNO | 02/10/17 |
| MISTRETTA, FRANK | BONANNO | 06/30/21 |
| MONTELEONE, PETER | BONANNO | 08/08/26 |
| MORALE, ROSARIO | BONANNO | 06/06/16 |
| MORALES, ROSARIO | BONANNO | 06/07/16 |
| MUSILLO, CHARLES F | BONANNO | 02/25/26 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| NAVARRA, FRANCESCO | BONANNO | 01/05/39 | |
| PALAZZOLO, JOHN | BONANNO | 05/08/37 | |
| PARISI, ANTHONY | BONANNO | 01/14/27 | |
| PERRETTE, ROBERT | BONANNO | 01/10/30 | |
| PICCARRETTA, RENE | BONANNO | 07/08/24 | |
| PITERA, THOMAS | BONANNO | 12/02/54 | |
| PIZZO, GUISEPPE | BONANNO | 08/23/27 | |
| POLLASTRINO, ARMOND | BONANNO | 04/21/15 | |
| PRIMIANO, MICHAEL | BONANNO | 01/21/43 | |
| RABITO, ANTHONY | BONANNO | 01/27/34 | |
| RASTELLI, PHILIP | BONANNO | 01/31/18 | |
| RESTIVA, LOUIS | BONANNO | / / | NYSIIS #1348358J |
| RIELA, ANTHONY | BONANNO | 08/05/97 | |
| RIVIELLO, WILLIAM | BONANNO | 12/19/31 | |
| ROSA, PETER | BONANNO | 07/09/46 | |
| RUGGIERO, BENJAMIN | BONANNO | 04/19/23 | |
| SABELLA, MICHAEL | BONANNO | 12/23/10 | |
| SANTORA, NICHOLAS | BONANNO | 06/21/42 | |
| SCALA, RONALD | BONANNO | 12/15/43 | |
| SCIASCIA, GERLANDO | BONANNO | 02/15/34 | |
| SCICCHITANO, JOHN | BONANNO | 08/04/41 | |
| SOVIERO, VINCENT | BONANNO | 08/03/23 | |
| SPADARO, ANTHONY | BONANNO | 09/10/20 | |
| SPERO, ANTHONY | BONANNO | 02/18/29 | |
| TAGLIANETTI, JOSEPH | BONANNO | 03/19/33 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| TARTAGLIONE, JAMES | BONANNO | 12/22/44 |
| TARTAMELLA, SERENO | BONANNO | 10/31/22 |
| TRAVELLA, CHARLES | BONANNO | 05/29/40 |
| TRIBUNELLA, RICHARD | BONANNO | 10/05/29 |
| URSO, ANTHONY | BONANNO | 07/02/36 |
| VALENTE, COSTENZA | BONANNO | 02/08/25 |
| VITALE, SALVATORE | BONANNO | 09/22/47 |
| ZANCOCCHIO, JOHN | BONANNO | 11/27/57 |
| ZIRILLI, PASQUALE | BONANNO | 11/29/12 |
| ABBATEMARCO, ANTHONY | COLOMBO | 04/06/22 |
| ALOI, BENEDETTO | COLOMBO | 10/06/35 |
| ALOI, VINCENT | COLOMBO | 09/22/23 |
| ANGELLINO, VINCENT | COLOMBO | 06/23/36 |
| BARBIERI, ROBERT L | COLOMBO | 12/28/15 |
| BIANCO, NICHOLAS | COLOMBO | 03/21/32 |
| BOLINO, MICHAEL ANGELO | COLOMBO | 09/04/41 |
| BRANCATO, JOSEPH | COLOMBO | 02/12/17 |
| BRETTI, DOMINICK ANGELO | COLOMBO | 11/22/33 |
| CACACE, JOEL | COLOMBO | 04/09/41 |
| CAMMARATA, GASPARE | COLOMBO | 12/04/29 |
| CARNA, JOSEPH | COLOMBO | 07/03/40 |
| CATALDO, DOMINICK | COLOMBO | 05/12/36 |
| CIRILLO, ALPHONSE | COLOMBO | 07/15/30 |
| CLEMENZA, FRED | COLOMBO | 05/04/23 |
| CLEMENZA, JAMES | COLOMBO | 05/04/10 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| CLEMENZA, JERRY | COLOMBO | 09/27/51 | |
| COLOMBO, ANTHONY EDWARD | COLOMBO | 02/25/45 | |
| COLOMBO, ANTHONY JOSEPH | COLOMBO | 12/24/46 | |
| COLOMBO, JOSEPH JR | COLOMBO | 12/24/46 | |
| COMMARATO, JOHN J. | COLOMBO | 12/23/24 | |
| CUTOLO, WILLIAM | COLOMBO | / / | NYSIIS #3845269L |
| D'ARGATI, JEROME F | COLOMBO | 05/19/20 | |
| DAMICO, PAUL | COLOMBO | 02/19/14 | |
| DELLO, LEONARD G | COLOMBO | 08/27/27 | |
| DI BELLA, THOMAS | COLOMBO | 11/29/05 | |
| DIBELLA, THOMAS | COLOMBO | 11/29/05 | |
| FALVO, ROBERT J | COLOMBO | 08/31/25 | |
| FANELLI, EDWARD | COLOMBO | 11/11/33 | |
| FARESE, THOMAS RALPH | COLOMBO | 09/30/40 | |
| FRANZESE, CARMINE | COLOMBO | 01/25/32 | |
| FRANZESE, JOHN | COLOMBO | 02/06/19 | |
| FRANZESE, MICHAEL J | COLOMBO | 05/27/51 | |
| FRANZESE,CARMINE SALVATOR | COLOMBO | 01/25/32 | |
| FUSCO, FRANK R | COLOMBO | 03/06/04 | |
| FUSCO, SALVATORE | COLOMBO | 05/18/24 | |
| GAMBINO, PHILIP | COLOMBO | 05/16/24 | |
| GORGONE, JOSEPH FRANK | COLOMBO | 10/04/25 | |
| GRANCIO, NICHOLAS | COLOMBO | 03/29/27 | |
| GUGLIARO, VINCENT | COLOMBO | 02/14/28 | |
| GUZZO, VITO | COLOMBO | 04/18/33 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| IANNACI, JOSEPH | COLOMBO | 12/02/30 | |
| INDUISI, ANTHONY | COLOMBO | 10/19/48 | |
| LA PONZINA, ERNEST | COLOMBO | 01/07/17 | |
| LANGELLA, GENNARO | COLOMBO | 12/30/38 | |
| LAROSA, JOSEPH | COLOMBO | 03/11/31 | |
| LIVOTI, JOSEPH | COLOMBO | 05/19/09 | |
| LOCICERO, BENJAMIN AUGUST | COLOMBO | 03/24/33 | |
| LOCICERO, FRANK AUGUSTUS | COLOMBO | 01/01/27 | |
| LOMBARDINO, ROSARIO | COLOMBO | 05/28/25 | |
| LOMBARDINO, SALVATORE JR | COLOMBO | 07/11/31 | |
| LUPO, JOSEPH | COLOMBO | 11/01/12 | |
| MAGLIOCCO, AMBORSE | COLOMBO | 01/01/01 | |
| MAGLIOCCO, ANTONIO SR | COLOMBO | 02/26/08 | |
| MAINELLO, NICHOLAS | COLOMBO | 11/21/22 | |
| MAIONE, ALBERT | COLOMBO | 05/27/21 | |
| MALTESE, ANTHONY | COLOMBO | 10/26/19 | |
| MARCONE, NATALE | COLOMBO | 07/04/13 | |
| MATERA, JOHN J | COLOMBO | 07/27/32 | |
| MELIA, VINCENT | COLOMBO | 02/12/16 | |
| MELLI, FRANK | COLOMBO | 12/16/41 | |
| MICIOTTA, SALVATORE | COLOMBO | 12/06/46 | |
| MINERVA, JOHN | COLOMBO | / / | NASSAU #9034626 |
| MIRAGLIA, ROCCO | COLOMBO | 06/29/26 | |
| MONTEMARANO, DOMINIC | COLOMBO | 05/03/38 | |
| MUSACCHIO, FRANK | COLOMBO | 02/01/15 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| NASTASA, ROSARIO | COLOMBO | 03/20/11 |
| ORENA, VICTOR | COLOMBO | 08/04/34 |
| PANARELLA, CHARLES | COLOMBO | 01/05/22 |
| PANARELLO, CARMINE J | COLOMBO | 02/17/02 |
| PATE, JOHN RICHARD | COLOMBO | 12/03/41 |
| PERANIO, ANTHONY | COLOMBO | 05/11/15 |
| PERISICO, CARMINE | COLOMBO | 08/08/31 |
| PERITORE, SALVATORE | COLOMBO | 01/26/13 |
| PERSICO, ALPHONSE | COLOMBO | 02/08/54 |
| PERSICO, CARMINE JOHN JR | COLOMBO | 08/08/33 |
| PERSICO, THEODORE | COLOMBO | 12/14/37 |
| PROFACI SALVATORE JOSEPH | COLOMBO | 05/18/36 |
| RANDAZZO, JAMES VINCENT | COLOMBO | 06/03/46 |
| RANDAZZO, VINCENT | COLOMBO | 11/01/01 |
| RIZZO, NICHOLAS | COLOMBO | 09/12/20 |
| ROSSILLO, PHILIP | COLOMBO | 11/06/42 |
| RUSSO, ANDREW T | COLOMBO | 12/10/48 |
| RUSSO, ANTHONY | COLOMBO | 05/04/28 |
| RUSSO, JOSEPH | COLOMBO | 08/14/53 |
| SANGIORGIO, JOSEPH | COLOMBO | 09/23/38 |
| SAVINO, MICHAEL | COLOMBO | 12/26/08 |
| SCARPA, GREGORY JR | COLOMBO | 08/03/51 |
| SCARPA, GREGORY SR | COLOMBO | 05/08/28 |
| SCARPATI, ANTHONY JOSEPH | COLOMBO | 06/03/33 |
| SCIANNA, JAMES V | COLOMBO | 07/17/16 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| SCIANNI, ANTHONY GABRIEL | COLOMBO | 08/03/30 | |
| SCIANNI, JAMES | COLOMBO | 08/31/12 | |
| SCIONE, JOHN | COLOMBO | 08/31/12 | |
| SCOPO, JOSEPH | COLOMBO | 03/26/46 | |
| SCOPO, RALPH SR | COLOMBO | 11/21/28 | |
| SORRENTINO, NICOLINE | COLOMBO | 07/11/27 | |
| SPECIALE, ANGELO | COLOMBO | 03/25/09 | |
| TOMASELLO, JOSEPH | COLOMBO | 11/05/32 | |
| TRIPIANO, GEORGE | COLOMBO | 02/22/15 | |
| VACCVELLI, JOSEPH | COLOMBO | 01/24/28 | |
| ZOZZI, JOSEPH RICHARD JR | COLOMBO | 08/22/28 | |
| ACCARDI, ANTHONY | GAMBINO | 01/17/08 | |
| ALAIMO, CHARLES JOSEPH | GAMBINO | 03/10/42 | |
| ALLU, JOHN | GAMBINO | 08/07/18 | |
| ALOGNA, IGNACCIO | GAMBINO | / / | FBI #38572J2 |
| AMATO, FRANK PAUL | GAMBINO | 07/16/30 | |
| AMATO, VINCENT | GAMBINO | 05/05/27 | |
| AMATO, VINCENT JAMES | GAMBINO | 05/05/27 | |
| AMENDOLACE, WILLIAM | GAMBINO | 02/03/18 | |
| ANASTASIO, ANTHONY | GAMBINO | 12/21/28 | |
| ANDROLINI, JAMES V. | GAMBINO | 02/26/22 | |
| ARCURI, JOSEPH | GAMBINO | 09/22/13 | |
| ARDUINI, HENRICO | GAMBINO | 02/26/24 | |
| ARMONE, JOSEPH | GAMBINO | 09/03/17 | |
| ARTUSO, VINCENT | GAMBINO | 07/31/44 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| ASTUTO, LOUIS | GAMBINO | 03/15/19 |
| AURELLO, CHARLES | GAMBINO | 03/14/14 |
| AVARELLO, SALVATORE | GAMBINO | 03/14/14 |
| AVITABILE, LOUIS | GAMBINO | 06/13/11 |
| BARATTA, MICHAEL | GAMBINO | 09/10/04 |
| BARRANCA, FRANCESCO J | GAMBINO | 03/03/28 |
| BARRANCE, PASQUALE | GAMBINO | 08/05/25 |
| BARRATU, PETE | GAMBINO | 08/22/10 |
| BELTEMPO, VINCENT | GAMBINO | 07/01/35 |
| BERNARDO, JOHN | GAMBINO | 05/14/04 |
| BISACCIA, ROBERT | GAMBINO | 04/17/35 |
| BONADIO, FRANCESCO P | GAMBINO | 06/07/03 |
| BONEFRISCO, SALVATORE | GAMBINO | 10/05/11 |
| BONICA, EDWARD | GAMBINO | 04/22/24 |
| BONOMO, LAWRENCE | GAMBINO | 10/20/27 |
| BOVE, MICHAEL | GAMBINO | 03/06/13 |
| BRUNO, GAETANO | GAMBINO | 07/22/39 |
| CAIAZZO, MICHAEL | GAMBINO | 01/26/11 |
| CALANDRIELLO, JAMES | GAMBINO | 11/06/22 |
| CARMINATI, ANTHONY | GAMBINO | 02/01/12 |
| CARNEGLIA, JOHN | GAMBINO | 09/13/44 |
| CASABLANCA, VINCENT | GAMBINO | 09/28/13 |
| CASTELLANA, PETER | GAMBINO | 10/26/27 |
| CASTORE, DOMINICK | GAMBINO | 08/09/11 |
| CATALANO, MICHAEL | GAMBINO | 02/07/19 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| CICCONE, ANTHONY | GAMBINO | 07/19/34 |
| CINOSOMO, MARIO | GAMBINO | 01/20/13 |
| CIRELLI, MICHAEL | GAMBINO | 03/01/08 |
| COMO, LOUIS PATRICK | GAMBINO | 05/17/21 |
| CONTE, PASQUALE | GAMBINO | 03/12/25 |
| CORBI, FRANK | GAMBINO | 01/12/03 |
| COROZZO, JOSEPH | GAMBINO | 03/17/40 |
| COROZZO, NICHOLAS | GAMBINO | 03/17/40 |
| CORSAO, AUGUST | GAMBINO | 07/09/33 |
| CORSAO, JOSEPH | GAMBINO | 10/21/36 |
| COTTONE, WILLIAM CHARLES | GAMBINO | 04/14/15 |
| COVELLO, JOSEPH | GAMBINO | 05/29/24 |
| CRAPANZANO, PATSY LOUIS | GAMBINO | 09/03/09 |
| CRAPANZANO, ROBERT L. | GAMBINO | 04/06/34 |
| CUOMO, MATTHEW JOSEPH | GAMBINO | 11/13/05 |
| CUSIMANO, ANTHONY | GAMBINO | 03/02/27 |
| CUSIMANO, JOSEPH C. | GAMBINO | 03/08/11 |
| DALESSIO, ALEXANDER | GAMBINO | 01/07/14 |
| DALESSIO, JOHN | GAMBINO | 01/01/12 |
| DAMICO, JOHN | GAMBINO | 07/09/34 |
| DANIELLO,JOHN | GAMBINO | 10/19/32 |
| DAPOLITO, FRANK ROBERT | GAMBINO | 12/01/23 |
| DAQUILLO, JEROME | GAMBINO | 01/24/17 |
| DEBRIZZI, THOMAS | GAMBINO | 03/25/23 |
| DECICCO, FRANK SALVATORE | GAMBINO | 11/05/35 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| DECICCO, GEORGE | GAMBINO | 03/20/29 |
| DEFILLIPPO, LOUIS M. | GAMBINO | 01/15/21 |
| DEGREGORIO, JOHN J. | GAMBINO | 06/24/11 |
| DELLACROCE, ARMANDO | GAMBINO | 07/16/55 |
| DELORENZO, ANTHON | GAMBINO | 01/25/38 |
| DELUTRO, ANTHONY | GAMBINO | 04/09/27 |
| DEMATTEO, JOHN ALBERT | GAMBINO | 10/07/16 |
| DEPALMA, GREGORY JOHN | GAMBINO | 02/24/32 |
| DIBELLA IGNAZIO | GAMBINO | 02/12/22 |
| DIBELLA, PAUL | GAMBINO | 02/28/20 |
| DIBONO, LOUIS SALVATORE | GAMBINO | 05/03/27 |
| DIMARIA, LENNY | GAMBINO | 04/01/41 |
| FAILLA, JAMES | GAMBINO | 01/22/19 |
| FATICO, CARMINE | GAMBINO | 01/19/10 |
| FATICO, DANIEL | GAMBINO | 07/10/20 |
| FRUSTACI, NICHOLAS | GAMBINO | 10/04/31 |
| GAGGI, ANTHONY | GAMBINO | 08/07/25 |
| GALLO, JOSEPH H | GAMBINO | 01/08/12 |
| GAMBINO, JOHN | GAMBINO | 08/22/40 |
| GAMBINO, JOSEPH | GAMBINO | 01/20/30 |
| GAMBINO, THOMAS | GAMBINO | 08/23/29 |
| GAMMARANO, JOHN | GAMBINO | 07/17/41 |
| GAROFALO, EDWARD V. | GAMBINO | 03/25/38 |
| GIARDINA, JOSEPH JR | GAMBINO | 09/17/33 |
| GIARDINA, LOUIS M | GAMBINO | 05/24/24 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| GIORDANO, JOHN (JACK) | GAMBINO | 02/07/41 |
| GIORDANO, JOSEPH | GAMBINO | 01/23/25 |
| GOTTI, GENE A | GAMBINO | 10/31/46 |
| GOTTI, JOHN | GAMBINO | 10/27/40 |
| GOTTI, PETER | GAMBINO | 11/15/39 |
| GRAMMAUTA, STEPHEN | GAMBINO | 12/06/16 |
| GRAVANO, SALVATORE | GAMBINO | 03/12/45 |
| GRILLO, LEONARD | GAMBINO | 01/29/05 |
| GUERRIERI, ANTHONY | GAMBINO | 07/10/29 |
| GUERRIERI, MICHAEL | GAMBINO | 06/09/26 |
| GUGLIEMINI, FRANK | GAMBINO | 03/08/25 |
| IACOVETTI, DAVID | GAMBINO | 07/21/17 |
| IGNIZIO, JOHN BATTISTA | GAMBINO | 11/17/01 |
| INDELICATO, JOSEPH | GAMBINO | 06/14/10 |
| INSERNIA, FRANK | GAMBINO | 07/11/15 |
| JULIANO, JOSEPH | GAMBINO | 11/17/01 |
| LAFORTE, JOSEPH JR | GAMBINO | 10/15/40 |
| LAFORTE, JOSEPH SR | GAMBINO | 03/28/17 |
| LAGANA, DOMINICK J | GAMBINO | 01/01/03 |
| LAURO, PASQUALE | GAMBINO | 12/01/15 |
| LICASTRI, VINCENZO | GAMBINO | 05/16/14 |
| LICONTE, CHARLES | GAMBINO | 11/16/13 |
| LINO, EDWARD CARMINE | GAMBINO | 05/13/42 |
| LOCASCIO, FRANK | GAMBINO | 09/24/32 |
| LOMBARDI, JOSEPH | GAMBINO | 07/13/40 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| LOMBARDOZZI, CARMINE | GAMBINO | 02/18/13 |
| LOMBARDOZZI, GEORGE | GAMBINO | 08/14/41 |
| LOMBARDOZZI, PAUL JOHN | GAMBINO | 02/03/15 |
| LOPICCOLO, JOSEPH PAUL | GAMBINO | 04/28/18 |
| LOPORTO, MANUEL RALPH | GAMBINO | 02/28/20 |
| LOSCALZO, PHILIP | GAMBINO | 03/28/12 |
| MALANGA, WILLAIM | GAMBINO | 06/14/09 |
| MANCUSO, ANIELLO | GAMBINO | 01/27/30 |
| MANCUSO, GENNARO | GAMBINO | 10/07/26 |
| MANCUSO, GERLANDO | GAMBINO | 01/01/14 |
| MANDAGLIO, MICHAEL | GAMBINO | 09/01/20 |
| MANFREDI, JOSEPH | GAMBINO | 01/04/26 |
| MANNINO, SAM | GAMBINO | 06/22/22 |
| MARINELLI, ACCURSIO | GAMBINO | 02/01/11 |
| MARINO, DANIEL | GAMBINO | 01/07/40 |
| MARINO, JOSEPH | GAMBINO | 09/22/24 |
| MARRONE, DOMINICK | GAMBINO | 02/22/16 |
| MARTINELLI, JOSEPH | GAMBINO | 03/24/14 |
| MASCIA, ANGELO | GAMBINO | 02/16/09 |
| MASCUZZIO, ANTHONY | GAMBINO | 11/07/44 |
| MASSI, JAMES LEO | GAMBINO | 09/23/08 |
| MASTROMARINO, CONSTAATINE | GAMBINO | 06/16/18 |
| MAZZI, ROCCO | GAMBINO | 02/25/16 |
| MELLI, ANGELO | GAMBINO | 01/25/30 |
| MELLI, PHILIP | GAMBINO | 09/11/29 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| MENGOIA, JOHN | GAMBINO | 10/01/23 |
| MESSINA, JOSEPH | GAMBINO | 04/24/20 |
| MILETO, LIBORIO | GAMBINO | 04/26/42 |
| MINGOIA, JOHN | GAMBINO | 10/01/23 |
| MOCCARDI, FRANK JOSEPH | GAMBINO | 12/18/17 |
| MODICA, PHILIP JOHN | GAMBINO | 01/23/29 |
| MORANO, FRANK | GAMBINO | 05/24/15 |
| MORELLI, ANTHONY | GAMBINO | 05/10/41 |
| MOSCA, RALPH | GAMBINO | 06/18/10 |
| NAPOLITANO, ANTHONY | GAMBINO | 11/05/00 |
| PALMIERI, FRANK | GAMBINO | 10/12/10 |
| PALMISANO, VINCENT | GAMBINO | 04/14/14 |
| PANNIZZO, FRANK | GAMBINO | 05/13/19 |
| PARADISO, MICHAEL | GAMBINO | 11/17/39 |
| PASQUA, FRANK | GAMBINO | 01/12/23 |
| PATERNO, JOSEPH | GAMBINO | 08/05/23 |
| PATTI, NICHOLAS | GAMBINO | 05/20/96 |
| PENOSI, GUIDO ANTHONY | GAMBINO | 06/04/30 |
| PERFETTI, PHILIP | GAMBINO | 03/08/13 |
| PIACENTE, PETER | GAMBINO | 08/28/21 |
| PIMPINELLA, ANTHONY | GAMBINO | 11/16/19 |
| PINETTI, MICHAEL | GAMBINO | 10/29/12 |
| PISELLO, SALVATORE | GAMBINO | 06/02/23 |
| REMINI, GEORGE | GAMBINO | 08/05/45 |
| RICHICHI, NATALE | GAMBINO | 02/22/16 |

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U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| RIZZO, FRANCESCO | GAMBINO | 10/08/97 | |
| RIZZO, JOHN A. | GAMBINO | 04/29/19 | |
| RUGGIANO, ANTHONY | GAMBINO | 08/16/26 | |
| RUGGIERO, ANGELO | GAMBINO | 07/29/40 | |
| RUGGIERO, FRANK | GAMBINO | 04/14/13 | |
| RUMORE, LOUIS | GAMBINO | 07/15/06 | |
| RUMORE, SAM | GAMBINO | 05/03/12 | |
| RUSSO, PATRICK | GAMBINO | 04/29/16 | |
| SALICA, LOUIS | GAMBINO | 11/16/12 | |
| SANTORO, JOHN | GAMBINO | 08/16/44 | |
| SANTORO, JOHN VINCENT | GAMBINO | 10/25/18 | |
| SARULLO, VINCENT FRANK | GAMBINO | / / | B #181-797 |
| SCALISE, GIACOMO | GAMBINO | 01/21/02 | |
| SCARPULLA, ANGELO | GAMBINO | 08/17/16 | |
| SCIANDRA, CARMELLO | GAMBINO | 07/05/52 | |
| SCIANDRA, GANDOLFO | GAMBINO | 02/16/28 | |
| SCIASCIA, JOHN | GAMBINO | 08/11/03 | |
| SCOTTO, ANTHONY | GAMBINO | 05/10/34 | |
| SCOTTO, JOHN JOSEPH SR | GAMBINO | 09/03/10 | |
| SERAO, JOSEPH | GAMBINO | 10/24/15 | |
| SILESI, JOSEPH ALBERT | GAMBINO | 09/15/96 | |
| SPALLINO, ANTHONY | GAMBINO | 09/02/07 | |
| SPATOLA, SALVATORE | GAMBINO | 02/11/32 | |
| SPITALERI, ALFONSO | GAMBINO | 09/26/31 | |
| SPITALERI, GLOSAFAT | GAMBINO | 09/14/01 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| SQUILLANTE, NUNZIO | GAMBINO | 03/21/23 |
| SQUITIERI, ARNOLD | GAMBINO | 02/02/36 |
| STANTINI, ORAZIO | GAMBINO | 01/08/45 |
| TESTA, FRED | GAMBINO | 01/04/16 |
| TETI, FELICE | GAMBINO | 01/31/14 |
| TORTORELLA, PETER | GAMBINO | 03/13/15 |
| TRAINA, MARIO | GAMBINO | 01/27/15 |
| TRENTACOSTA, ANTHONY | GAMBINO | 08/22/39 |
| VITTA, ANTHONY | GAMBINO | 02/06/38 |
| YANCONE, VINCENT | GAMBINO | 09/28/26 |
| ZACCARIA, PAUL | GAMBINO | 07/05/24 |
| ZAPPI, ANTHONY M | GAMBINO | 12/22/24 |
| ZINGARO, JOSEPH | GAMBINO | 10/18/12 |
| ALLO, VINCENT | GENOVESE | 05/26/04 |
| ANNUNZIATO, SALVATORE | GENOVESE | 12/24/29 |
| APARO, SALVATORE | GENOVESE | 02/22/29 |
| ARDITO, JOHN | GENOVESE | 10/28/19 |
| BARONE, GEORGE J | GENOVESE | 12/16/23 |
| BARRA, MORRIS | GENOVESE | 09/23/06 |
| BASSO, SALVATORE | GENOVESE | 09/09/15 |
| BATTAGLIA, JAMES | GENOVESE | 07/27/12 |
| BELLOMO, LIBORIO (BARNEY) | GENOVESE | 01/08/57 |
| BENEDETTO, LUIGI | GENOVESE | 01/24/12 |
| BIVONA, VINCENT | GENOVESE | 05/27/07 |
| BONADONNA, PHILIP A | GENOVESE | 12/19/32 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| BORELLI, MICHAEL A JR | GENOVESE | 04/12/37 | |
| BUFANIA, NICHOLAS | GENOVESE | 12/19/16 | |
| BUONO, PHILIP | GENOVESE | 03/30/15 | |
| CACCIATORE, FRANK | GENOVESE | 06/18/09 | |
| CAFARO, VINCENT | GENOVESE | 08/27/33 | |
| CALABRESE, VINCENT | GENOVESE | 07/14/18 | |
| CAMPO, EUGENIO | GENOVESE | 12/27/15 | |
| CANTERINO, DOMINICK | GENOVESE | 06/01/30 | |
| CAPPOLA, DOMINICK | GENOVESE | 12/08/23 | |
| CARILLO, SALVATORE | GENOVESE | 03/10/07 | |
| CARPENTIERE, NICHOLAS | GENOVESE | 04/17/18 | |
| CATENA, GERARDO | GENOVESE | 01/08/02 | |
| CAVANNA, PETER SILVIO | GENOVESE | 07/16/09 | |
| CELENTANO, JULIUS | GENOVESE | 08/14/09 | |
| CENTORE, LAWRENCE | GENOVESE | 08/01/06 | |
| CILENTE, DANIEL | GENOVESE | 05/25/27 | |
| CINQEGRANA, BENEDETTO | GENOVESE | 01/06/13 | |
| CIRILLO, DOMINICK | GENOVESE | 07/04/29 | |
| CLEMENTE, MICHAEL | GENOVESE | 08/29/08 | |
| CONTALDO, THOMAS | GENOVESE | 12/24/13 | |
| CONTE, RALPH | GENOVESE | / / | FBI #757605E |
| COPPOLA, MICHAEL J | GENOVESE | 05/18/46 | |
| CORALUZZO, ORLANDO | GENOVESE | 11/06/15 | |
| CRISCUOLA, ALFRED | GENOVESE | 01/22/11 | |
| CRISCUOLO, ALFRED | GENOVESE | 01/22/18 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| CUFARI, SALVATORE | GENOVESE | 01/13/01 | |
| DAMBROSIO, ANTHONY | GENOVESE | 08/15/21 | |
| DEFEO, PETER | GENOVESE | 03/04/02 | |
| DELDUCCA, JOHN | GENOVESE | 12/28/17 | |
| DELIO, EMILIO | GENOVESE | 12/22/13 | |
| DEMARTINO, ANTHONY | GENOVESE | 07/28/10 | |
| DEMARTINO, BENJAMIN | GENOVESE | 12/21/13 | |
| DEMICCO, TOBIA | GENOVESE | 03/24/16 | |
| DENOIA, JOHN | GENOVESE | 11/23/27 | |
| DENTE, JOSEPH | GENOVESE | / / | B #467488 |
| DENTICO, LARRY | GENOVESE | 08/22/23 | |
| DEPHILLIPS, THOMAS | GENOVESE | 06/17/27 | |
| DIBIASE, CARMINE | GENOVESE | 10/27/22 | |
| DIGILIO, JOHN J | GENOVESE | 12/05/32 | |
| DILORENZO, ANTHONY L | GENOVESE | 01/25/28 | |
| DINAPOLI, LOUIS | GENOVESE | 12/12/38 | |
| DINAPOLI, VINCENT J | GENOVESE | 06/21/37 | |
| DIQUARTO, DOMINICK | GENOVESE | 06/22/22 | |
| DISALVO, VITO W | GENOVESE | 02/17/45 | |
| DOTO, JOESPH MICHAEL JR | GENOVESE | 03/25/33 | |
| ESPOSITO, SALVATORE | GENOVESE | 07/15/31 | |
| FACCHIANO, ALBERT J | GENOVESE | 03/10/10 | |
| FALCO, EDWARD F | GENOVESE | 10/09/37 | |
| FALGIANO, SABATO | GENOVESE | 12/03/13 | |
| FAMULARO, JOSEPH | GENOVESE | 01/11/18 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| FEDERICI, ANTHONY | GENOVESE | 07/28/40 |
| FICAROTTA, ANTHONY | GENOVESE | 10/20/27 |
| FIUMARA, TINO | GENOVESE | 08/11/41 |
| FORTUNATO, MATTEO | GENOVESE | 10/17/01 |
| FRANCOMANO, ANTHONY | GENOVESE | 04/28/14 |
| FRUSTACE, NICHOLAS | GENOVESE | 10/04/31 |
| GALIZIA, JOSEPH | GENOVESE | 07/24/41 |
| GALLO, ALBERT L | GENOVESE | 06/06/30 |
| GANGI, ROSARIO | GENOVESE | 11/10/39 |
| GATTO, LOUIS | GENOVESE | 09/02/16 |
| GAZZIO, JULIANO | GENOVESE | 12/12/18 |
| GENCARELLI, SALVATORE | GENOVESE | 05/02/05 |
| GENESE, PASQUALE | GENOVESE | 03/03/11 |
| GENOVESE, MICHAEL | GENOVESE | 12/09/06 |
| GERALLE, MICHAEL | GENOVESE | 08/09/30 |
| GERARDO, ANDREW N | GENOVESE | 08/09/30 |
| GERARDO, JOSEPH F | GENOVESE | 01/31/12 |
| GIACALONE, ANTHONY | GENOVESE | 07/03/36 |
| GIARDINA, JOSEPH JR | GENOVESE | 09/17/22 |
| GIGANTE, MARIO | GENOVESE | 11/04/23 |
| GIGANTE, RALPH | GENOVESE | 03/14/30 |
| GIGANTE, VINCENT | GENOVESE | 03/29/28 |
| GIOVANELLI, FRED | GENOVESE | 03/27/32 |
| GRAZIOSI, MICHAEL | GENOVESE | 01/19/30 |
| GRIECO, ORLANDO | GENOVESE | 05/05/06 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| IANNIELLO, MATTHEW | GENOVESE | 06/18/20 | |
| LAIETTA, AUGUST GERALD | GENOVESE | 02/28/06 | |
| LAPADURA, JOSEPH | GENOVESE | 09/14/04 | |
| LAPI, ANGELO J | GENOVESE | 04/22/32 | |
| LAPUMA, DOMINICK | GENOVESE | / / | FBI #903297 |
| LAROCCA, LOUIS P | GENOVESE | 03/03/16 | |
| LASCALA, JOSEPH | GENOVESE | 12/23/31 | |
| LAURO, SALVATORE | GENOVESE | 10/13/04 | |
| LAZZARA, ERNEST W | GENOVESE | 04/04/08 | |
| LOIACONO, JOSEPH | GENOVESE | 10/30/07 | |
| LOMBARDI, SALVATORE | GENOVESE | 03/05/40 | |
| LOMBARDINO, PAUL | GENOVESE | 02/20/22 | |
| LONGO, ALAN | GENOVESE | 04/02/50 | |
| LUISI, SALVATORE | GENOVESE | 07/06/16 | |
| MAIDA, JOSEPH | GENOVESE | 07/12/20 | |
| MAIONE, MICHAEL | GENOVESE | 11/24/07 | |
| MALANGONE, ALPHONSE | GENOVESE | 12/02/36 | |
| MANARITE, SAM FILIPPO | GENOVESE | 10/15/18 | |
| MANGANO, VENERO | GENOVESE | 09/07/21 | |
| MANNA, LOUIS | GENOVESE | 12/02/29 | |
| MARTINO, VINCENT ANGELO | GENOVESE | 10/25/15 | |
| MASIELLO, JOHN | GENOVESE | 03/16/20 | |
| MASSELLI, WILLIAM P | GENOVESE | 06/26/26 | |
| MAURO, VINCENT | GENOVESE | 02/26/16 | |
| MAZZARATI, ALDO | GENOVESE | 06/10/12 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| MOSAVERO, JOSEPH | GENOVESE | 01/05/19 | |
| MONACO, FELIX JOSEPH | GENOVESE | 12/26/18 | |
| MONTI, FRANK V | GENOVESE | 08/01/41 | |
| MORELLI, ALEXANDER | GENOVESE | 09/02/39 | |
| MOSIELLO, MARIO | GENOVESE | 05/30/12 | |
| NAPOLI, VINCENZO | GENOVESE | 11/04/11 | |
| NAPURANO, SALVATORE D | GENOVESE | 08/01/32 | |
| NICOLENE, MICHAEL | GENOVESE | 04/13/14 | |
| NITTO, PHILIP JR | GENOVESE | 02/02/07 | |
| OLIVERNO, SALVATORE JR | GENOVESE | 09/19/15 | |
| PACELLA, LOUIS | GENOVESE | 10/28/21 | |
| PACELLI, VINCENT | GENOVESE | 06/03/21 | |
| PAGANO, DANIEL | GENOVESE | 09/21/52 | |
| PAGANO, JOSEPH | GENOVESE | 08/28/28 | |
| PALMIERI, ROSARIO | GENOVESE | 02/08/15 | |
| PALUMBO, ARTHUR | GENOVESE | 02/06/06 | |
| PARADISO/PARADISE, WM. | GENOVESE | / / | B #303775 |
| PARISI, CAMILLO | GENOVESE | 02/10/25 | |
| PECORA, JOSEPH SR | GENOVESE | 04/19/05 | |
| PECORA, THOMAS | GENOVESE | 02/12/07 | |
| PELLEGRINO, CARMINE | GENOVESE | 05/08/16 | |
| PELLICCIO, FRANK H | GENOVESE | 10/12/15 | |
| PELOSE, JOSEPH | GENOVESE | 11/05/14 | |
| PERRONE, CIRO | GENOVESE | 01/08/21 | |
| PERRONE, MICHAEL | GENOVESE | 07/31/22 | |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| PERROTTA, ROCCO | GENOVESE | 05/26/14 | |
| PISANI, ILARIO J | GENOVESE | 02/02/10 | |
| PISAURO, VICTOR | GENOVESE | 11/13/13 | |
| POLLINA, VINCENT | GENOVESE | 09/17/17 | |
| POLVERINO, JOSEPH | GENOVESE | 11/25/14 | |
| PRINCIPE, AMATO (MATTY) | GENOVESE | 07/08/08 | |
| PRISCO, RUDOLPH | GENOVESE | 01/05/09 | |
| PROVENZANO, ANTHONY | GENOVESE | 05/07/17 | |
| PROVENZANO, NUNZIO | GENOVESE | 02/24/23 | |
| RAGO, DOUGLASS | GENOVESE | 09/02/22 | |
| RANDAZZO, JOSEPH M | GENOVESE | 02/09/07 | |
| RAO, VINCENT C | GENOVESE | 04/27/07 | |
| RICCARDI, JOHN | GENOVESE | 01/19/17 | |
| ROCCAMONTE, ARTHUR | GENOVESE | 08/04/13 | |
| ROMANELLI, MICHAEL | GENOVESE | 03/01/10 | |
| ROMANO, CARMINE | GENOVESE | 08/21/35 | |
| ROSATO, ALEXANDER | GENOVESE | 07/08/14 | |
| ROTONDO, LOUIS J | GENOVESE | 01/18/12 | |
| RUGGIERO, JOSEPH | GENOVESE | / / | FBI # 737087 |
| RUSSO, JOHN | GENOVESE | 08/13/13 | |
| RUSSO, NICHOLAS | GENOVESE | 10/28/10 | |
| RUSSO, NUNZIO | GENOVESE | 12/28/29 | |
| SABATO, JOSEPH | GENOVESE | 08/05/07 | |
| SALERNO, ANGELO C | GENOVESE | 11/11/02 | |
| SALERNO, ANTHONY | GENOVESE | 08/15/11 | |

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FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. |
|---|---|---|
| SALERNO, FRED | GENOVESE | 05/02/23 |
| SALERNO, LAWRENCE (BUDDY) | GENOVESE | 08/27/08 |
| SANTANIELLO, JOSEPH | GENOVESE | 12/15/20 |
| SANTORELLO, RUDOLPH A | GENOVESE | 09/06/28 |
| SCALISE, GEORGE | GENOVESE | 05/03/96 |
| SCARGLATO, DANIEL | GENOVESE | 09/23/03 |
| SCARPINITO, JOSEPH | GENOVESE | 05/29/03 |
| SCHIPANI, JOSEPH | GENOVESE | 04/01/12 |
| SCIBELLI, ALBERT A | GENOVESE | 06/18/20 |
| SCIBELLI, FRANCESCO | GENOVESE | 09/15/12 |
| SERPICO, FRANK | GENOVESE | 08/11/16 |
| SERPICO, RALPH | GENOVESE | 10/22/11 |
| SICA, ANGELO CARMAN | GENOVESE | 12/31/19 |
| SOMMA, GAETANO | GENOVESE | 01/31/16 |
| SPINELLI, JERRY | GENOVESE | 04/02/07 |
| STANCANELLI, PETER | GENOVESE | 03/26/01 |
| STASSI, JOSEPH | GENOVESE | 03/26/01 |
| STOPPELLI, JOHN | GENOVESE | 04/06/06 |
| TARANTINO, ROBERT STEVEN | GENOVESE | 10/12/09 |
| TEDESCHI, JOSEPH | GENOVESE | 10/17/26 |
| TORTORICI, JOSEPH T | GENOVESE | 05/13/06 |
| TOURINE, CHARLES | GENOVESE | 03/26/03 |
| TRAINA, JOSEPH | GENOVESE | 08/13/18 |
| TRAMAGLINO, VICTOR | GENOVESE | 03/19/12 |
| URICOLO, EUGENE C | GENOVESE | 04/04/10 |

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FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| VELLUCCI, ANTHONY J | GENOVESE | 12/12/24 | |
| VERRA, JOHN | GENOVESE | 01/27/22 | |
| VICARO, RALPH | GENOVESE | 04/29/15 | |
| VISORITO, FRED | GENOVESE | 03/08/22 | |
| VISPISIANO, FRANK | GENOVESE | 02/06/39 | |
| ZERPO, PAUL | GENOVESE | 11/15/12 | |
| ABATE, JOSEPH | LUCHESE | 07/08/02 | |
| ABINANTI, PETER | LUCHESE | 06/12/12 | |
| ACCARDI, CARMINE N | LUCHESE | 12/18/39 | |
| ACCETTURO, ANTHONY | LUCHESE | 10/18/38 | |
| AITA, VICTOR | LUCHESE | 07/26/12 | |
| AMUSO, ROBERT | LUCHESE | / / | NYSIIS #0068875B |
| ARRA, NUNZIO F | LUCHESE | 01/01/10 | |
| AVELLINO, SALVATORE | LUCHESE | 11/19/35 | |
| BARATTA, ANTHONY | LUCHESE | 07/08/38 | |
| BELLINO, FRANK | LUCHESE | 09/26/16 | |
| BELMONT, VINCENT | LUCHESE | 10/18/25 | |
| BONINA, NICHOLAS | LUCHESE | 01/09/28 | |
| BORELLI, FRANK | LUCHESE | 06/15/25 | |
| CAPRA, JOSEPH | LUCHESE | 09/18/16 | |
| CAPUTO, JOHN | LUCHESE | 08/31/11 | |
| CARLINO, CHARLES SALVATOR | LUCHESE | 08/04/13 | |
| CASSO, ANTHONY | LUCHESE | 05/21/40 | |
| CAVALIERI, SAMUEL JOSEPH | LUCHESE | 08/14/11 | |
| CICCONE, SALVATORE | LUCHESE | 07/28/16 | |

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| | | D.O.B. |
|---|---|---|
| CIRAULO, VINCENT | LUCHESE | 09/18/19 |
| COCO, ETTORE | LUCHESE | 07/12/08 |
| CONTI, JOHN JOSEPH | LUCHESE | 07/28/35 |
| CORALLO, ANTONIO | LUCHESE | 01/12/13 |
| CROCE, ANTHONY | LUCHESE | 12/24/32 |
| CURCIO, JOSEPH WILLIAM | LUCHESE | 06/26/18 |
| CUTAIA, DONENICO | LUCHESE | 11/22/36 |
| DEBENEDICTUS, SAVINO | LUCHESE | 04/27/22 |
| DEFENDIS, ANGELO | LUCHESE | 09/23/32 |
| DELLACAGNA, MICHAEL | LUCHESE | 12/12/18 |
| DELLIPAOLI, ORLANDO | LUCHESE | 10/09/12 |
| DELUCA, RICHARD | LUCHESE | 06/19/34 |
| DESIMONE, ANDREW | LUCHESE | 11/14/14 |
| DICONSTANZA, NICHOLAS | LUCHESE | 07/18/36 |
| DIDONATO, THOMAS | LUCHESE | 11/10/26 |
| DIGUARDI, THOMAS T | LUCHESE | 10/29/15 |
| DILAPI, ANTHONY | LUCHESE | 02/09/36 |
| DIMEGLIO, ANTHONY J | LUCHESE | 11/12/32 |
| DIMEGLIO, ANTHONY JOSEPH | LUCHESE | 11/12/32 |
| DIPALERMO, CHARLES | LUCHESE | 02/15/25 |
| DIPALERMO, JOSEPH | LUCHESE | 06/08/07 |
| DIPALERMO, PETER | LUCHESE | 10/18/14 |
| DISIMONE, SALVATORE | LUCHESE | 01/08/41 |
| FACCIOLO, BRUNO | LUCHESE | 12/30/36 |
| FALCO, FELICE | LUCHESE | 06/01/06 |

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| | | D.O.B. | |
|---|---|---|---|
| FALCO, JAMES MICHAEL | LUCHESE | 03/19/12 | |
| FALCO, PHILIP | LUCHESE | 07/01/08 | |
| FEDERICI, ANTHONY | LUCHESE | 07/28/40 | |
| FOCERI, LOUIS N | LUCHESE | 11/21/22 | |
| FRANGIAPANI, JOSEPH FRANK | LUCHESE | 09/05/25 | |
| FURNARI, CHRISTOPHER | LUCHESE | 04/30/24 | |
| GIAMPAOLA, CIRO CHARLES | LUCHESE | 11/20/05 | |
| GIOIA, FRANK | LUCHESE | 01/20/49 | |
| GRIFFAGNINO, SALVATORE | LUCHESE | 12/20/12 | |
| JANNOTTA, MICHAEL | LUCHESE | 12/08/16 | |
| LABARBARA, MICHAEL SR | LUCHESE | 12/22/13 | |
| LAGANO, FRANK PETER | LUCHESE | 11/24/39 | |
| LAIETTA, DONATO | LUCHESE | 08/10/08 | |
| LAMELA, JOHN | LUCHESE | 11/05/08 | |
| LAMATRO, JOSEPH ALBER | LUCHESE | 02/07/16 | |
| LAROSA, MICHAEL | LUCHESE | 06/02/15 | |
| LASORSA, ANTHONY | LUCHESE | 11/18/32 | |
| LASORSA, NICHOLAS | LUCHESE | / / | FBI #1577491 |
| LATELLA, DANIEL JOSEPH | LUCHESE | 10/12/40 | |
| LESSA, NICHOLAS | LUCHESE | 02/19/21 | |
| LOCASCIO, PETER J | LUCHESE | 06/10/16 | |
| LODUCA, PAUL | LUCHESE | 04/10/40 | |
| LUCCHESE, JAMES J | LUCHESE | 08/19/13 | |
| LUCCHESE, JOSEPH | LUCHESE | 04/13/10 | |
| MACALUSO, MARIANO | LUCHESE | 06/07/12 | |

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| | | D.O.B. |
|---|---|---|
| MAGISTRO, FRANK | LUCHESE | 07/26/01 |
| MANERI, SALVATORE | LUCHESE | 08/15/11 |
| MANGIAPANE, LEONARD P | LUCHESE | 12/10/38 |
| MANZO, FRANK | LUCHESE | 02/02/25 |
| MARONE, JOSEPH F | LUCHESE | 02/11/04 |
| MIGLIORE ANIELLO JOSEPH | LUCHESE | 10/02/33 |
| MOIA, FRANK | LUCHESE | 07/05/34 |
| NICCIO, VINCENT PETER | LUCHESE | 03/05/12 |
| NUCCIA, FRANK JOSEPH | LUCHESE | 08/29/19 |
| NUCCIO, SALVATORE JOHN | LUCHESE | 07/20/16 |
| ODDO, STEVEN V SR | LUCHESE | 05/11/12 |
| PANICA, VICTOR J | LUCHESE | 04/17/24 |
| PERNA, MICHAEL J | LUCHESE | 04/28/42 |
| PERRI, BRUNO | LUCHESE | 06/06/24 |
| PICCIOLI, CARLO ANTONIO | LUCHESE | 02/24/30 |
| PINTO, ANTONIO M | LUCHESE | 10/27/26 |
| PIZZOLATA, LEONARD | LUCHESE | 06/01/05 |
| PIZZOLATO, VITO | LUCHESE | 08/01/09 |
| PORCELLI, ANTHONY | LUCHESE | 03/27/29 |
| POTENZA, VINCENT | LUCHESE | 08/25/26 |
| RAO, VINCENT J | LUCHESE | 04/27/07 |
| REINA, GIACOMO | LUCHESE | 09/21/08 |
| RICCIARDI, THOMAS ANGELO | LUCHESE | 03/25/52 |
| RINALDI, ROSARIO | LUCHESE | 03/07/17 |
| RUSSO, ANTHONY PETER | LUCHESE | 03/29/37 |

U. S. SENATE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
FIVE NEW YORK LCN FAMILIES MEMBERSHIP

| | | D.O.B. | |
|---|---|---|---|
| SALERNO, MICHAEL C | LUCHESE | 03/20/23 | |
| SANTORA, SALVATORE | LUCHESE | 11/18/15 | |
| SICA, JOSEPH | LUCHESE | 08/20/11 | |
| SORRENTINO, JON | LUCHESE | 06/04/49 | |
| TACCETTA, MARTIN RALPH | LUCHESE | 05/02/51 | |
| TACCETTA, MICHAEL STANLEY | LUCHESE | 09/16/47 | |
| TORTORELLO, ANTHONY | LUCHESE | 10/06/36 | |
| TRUSCELLO, DOMINICK J | LUCHESE | 04/29/34 | |
| TUMINARO, ANGELO | LUCHESE | 02/22/09 | |
| TUSO, CHARLES | LUCHESE | 01/14/12 | |
| TUTINO, RALPH JOSEPH | LUCHESE | 05/12/28 | |
| URGITANO, ANGELO ANTHONY | LUCHESE | 12/25/28 | |
| VARIO, PAUL | LUCHESE | 07/10/14 | |
| VARIO, PAUL JR | LUCHESE | 06/02/38 | |
| VARIO, PETER | LUCHESE | 06/26/36 | |
| VARIO, THOMAS | LUCHESE | / / | B #158-208 |
| VINTALORO, JAMES | LUCHESE | 07/01/11 | |
| ZACCARO, PASQUALE | LUCHESE | 03/16/12 | |
| ZITO, ANTHONY | LUCHESE | 06/18/08 | |

EXHIBIT NO. 28

U.S. Department of Justice

Criminal Division

Office of the Assistant Attorney General

Washington, D.C. 20530

April 29, 1988

RECEIVED BY
SENATE PERMANENT
SUBCOMM ON INVESTIGATIONS

MAY 3 - 1988

MAJORITY OFFICE

The Honorable Sam Nunn
Chairman, Permanent Subcommittee
on Investigations
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

On April 11, 1988, David Margolis, Paul E. Coffey, and I testified on behalf of the Department of Justice before your Subcommittee in its hearings on organized crime. During that testimony, you asked that we furnish additional details concerning private civil RICO suits that have been brought by persons associated with unions and industries. As you are aware, the Department of Justice has no control over RICO suits by private plaintiffs; therefore, we may not become aware of such suits unless they result in reported opinions. We have, however, identified the following three civil RICO suits brought by union members in connection with labor-racketeering allegations, including the suit involving Local 507 that was mentioned by Mr. Coffey in his testimony.

1. Brown, et al. v. Presser, et al., No. C86-5043 (N.D. Ohio filed Dec. 1, 1986).

Plaintiffs, members of Teamsters Local 507 in Cleveland, sued Teamsters official Jackie Presser and others in connection with the defendants' alleged embezzlement of Local 507 funds through the use of "ghost" employees. These allegations are also the subject of a pending criminal indictment in Cleveland. A copy of the complaint is enclosed for your information.

2. White v. Fosco, 599 F. Supp. 710 (D.D.C. 1984).

Plaintiffs, members of locals of the Laborers International Union of North America, sued the international union, several of its officials, and others, alleging that the defendants had looted the union treasury in violation of 29 U.S.C. § 501(c) and had breached their fiduciary duty to the members.

3. Creamer v. General Teamsters Local Union 326, 560 F. Supp. 495 (D. Del. 1983), later opinion, 579 F. Supp. 1284 (D. Del. 1984).

Plaintiffs, former employees of Universal Coordinators, a stevedoring company owned by convicted RICO violator Eugene Boffa, alleged that their jobs were terminated unlawfully and that Universal made illegal payments to Teamsters Local 326 to induce the union to breach its fiduciary duty to help the plaintiffs assert their contractual rights.

In addition, we are aware of two suits brought by private plaintiffs other than union members in cases arising from labor-racketeering conduct. Both cases arose from the allegations in the government's criminal RICO prosecutions involving the International Longshoremen's Association, particularly the prosecution of Anthony Scotto in New York. In both cases, plaintiffs were shipping companies that alleged that the defendants paid kickbacks to the plaintiffs' employees to cause the employees to take actions detrimental to the plaintiffs' interests. Hellenic Lines Ltd. v. O'Hearn, 523 F. Supp. 244 (S.D.N.Y. 1981); Prudential Lines, Inc. v. McKeon, No. 80-5853 (S.D.N.Y. April 21, 1982) (described in Blakey, The RICO Civil Fraud Action in Context: Reflections on Bennett v. Berg., 58 Notre Dame L. Rev. 237, 312 n.176 (1982)).

Your question also asked about suits by members of industries and associations. I assume this question was directed to the area of labor-management issues. Again, we have no sure way of tracking all such private suits. There have been, undoubtedly, many private RICO suits touching in some way on labor issues. One recent suit that may be of interest to the Subcommittee is Yellow Bus Lines, Inc. v. Drivers, Chauffeurs & Helpers Local Union 639, 839 F.2d 782 (D.C. Cir. 1988), in which a bus company sued a union under RICO, alleging a pattern of violent acts in connection with a labor dispute.

I also would like to take this opportunity to correct an error in the statement submitted by David C. Williams of the General Accounting Office to your Subcommittee, entitled "Effectiveness of the Government's Attack on La Cosa Nostra." At page 7 of this statement, Mr. Williams states that "[t]he first civil RICO law suit was not filed until 1982, a full 12 years after the act's passage. . . . [S]uch a lengthy delay in the use of RICO is difficult to justify." In fact, the government began using the civil RICO provisions in the early 1970s, shortly after the statute was enacted. See, e.g., United States v. Cappetto, 502 F.2d 1351 (7th Cir. 1974), cert. denied, 420 U.S. 925 (1975); United States v. Ladmer, 429 F. Supp. 1231 (E.D.N.Y. 1977); United States v. Winstead, 421 F. Supp. 295 (N.D. Ill. 1976). Of

course, our use of civil RICO was greatly facilitated when, in 1981, the Supreme Court made it clear that RICO applies to illegitimate organizations and is to be construed broadly, United States v. Turkette, 452 U.S. 576 (1981), and when, in 1985, the Third Circuit affirmed the district court's decision in the Local 560 case. United States v. Local 560, International Brotherhood of Teamsters, 581 F. Supp. 279 (D.N.J. 1984), aff'd, 780 F.2d 267 (3d Cir. 1985), cert. denied, 106 S. Ct. 2247 (1986).

I appreciate the opportunity to provide this additional information.

Sincerely,

John C. Keeney
Acting Assistant Attorney General

Enclosure

FILED
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UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

JUDGE WHITE
Batchelder

C86-5043

HARRY BROWN, RONALD CALDWELL, and M.D. LEATHERMAN, for and on behalf of TEAMSTERS LOCAL 507,

Plaintiffs,

v.

JACKIE PRESSER, HAROLD FRIEDMAN, ALLAN FRIEDMAN, JACK NARDI, GEORGE ARGIE, and TEAMSTERS LOCAL 507,

Defendants.

Civil Action No.

COMPLAINT FOR INJUNCTIVE RELIEF, RESTITUTION AND DAMAGES

1. This is an action in which three union members seek redress under the Labor Management Reporting and Disclosure Act of 1959 ("LMRDA" or "Landrum-Griffin Act") and the Racketeer Influenced and Corrupt Organizations Act ("RICO") from a pattern of misappropriations of more than half a million dollars in union funds over a period of approximately ten years. Specifically, plaintiffs seek to recover, on behalf of their union, defendant Teamsters Local 507, moneys paid out by the principal officers of their union as "salaries" and related employment benefits for three individuals who in fact performed no services for the Local. Plaintiffs seek restitution to the Local of the misappropriated funds, with interest accrued thereon; payment of treble damages to their Local; and payment of their attorney fees by the defendants who misappropriated the money.

2. The Court has jurisdiction of this action under 18 U.S.C. § 1964, 28 U.S.C. §§ 1331 and 1337, and 29 U.S.C. § 501.

rec'd PEE 4/18/88

PARTIES

3. Plaintiffs Harry Brown, Ronald Caldwell, and M.D. Leatherman are members of defendant Teamsters Local 507.

4. Defendant Teamsters Local 507 is a labor organization which has its principal office in Cleveland, Ohio. Local 507 is joined because its leaders have failed to respond to demands that they take action on behalf of the Local to protect its financial interests against defendants. Local 507 is joined in order to be certain that it is bound by the judgment and that it accepts the benefit of the relief which plaintiffs seek in this case.

5. Since at least 1972, defendant Jackie Presser has been the Secretary-Treasurer, and defendant Harold Friedman has been the President, of Local 507.

6. Defendants Allan Friedman, Jack Nardi, and George Argie, at various times between 1972 and 1981, received payments, and had payments made on their behalf, which were purportedly made to compensate them for working for Local 507 as business agents or as a special organizing representative. They were not actually employed by the Local, and did not perform services for it, but rather were "ghost employees."

FACTS

7. The President and Secretary-Treasurer of Local 507 are responsible for authorizing all expenditures of funds by Local 507. Their signatures are required on all checks drawn on the accounts of Local 507. The Secretary-Treasurer is responsible for hiring all Local 507 employees and supervising them in the

performance of their duties.

8. Beginning in about January, 1972, and continuing until about December, 1978, defendants Presser and Harold Friedman issued weekly checks drawn on the funds of Local 507, totaling at least $71,800, to defendant Nardi. Although these payments were purportedly made to pay Nardi's salary as a business agent or special organizing representative of Local 507, Nardi was not an employee of Local 507 and performed no services for his salary. Defendants Presser and Harold Friedman also issued checks, in amounts unknown to plaintiffs, to pay various employment-related taxes, pension contributions, and other benefits based on defendant Nardi's purported employment.

9. Beginning in about January, 1972, and continuing until about September, 1981, defendants Presser and Harold Friedman issued weekly checks drawn on the funds of Local 507, totaling at least $441,900, to defendant Allen Friedman, who is the uncle of defendant Presser but is unrelated to defendant Harold Friedman. Although these payments were purportedly made to pay Allen Friedman's salary as a business agent of Local 507, Friedman was not an employee of Local 507 and performed no services for his salary. Defendants Presser and Harold Friedman also issued checks, in amounts unknown to plaintiffs, to pay various employment-related taxes, pension contributions, and other benefits based on defendant Allen Friedman's purported employment.

10. Beginning in about August, 1978, and continuing until about June, 1979, defendants Presser and Harold Friedman issued

weekly checks drawn on the funds of Local 507, totaling at least $17,600, to defendant Argie. Although these payments were purportedly made to pay his salary as a business agent for Local 507, defendant Argie was not an employee of Local 507 and performed no services for his salary. Defendants Presser and Harold Friedman also issued checks, in amounts unknown to plaintiffs, to pay employment-related taxes, pension contributions, and other benefits in connection with the purported employment of defendant Argie.

11. During the periods of time set forth in paragraphs 8, 9, and 10, respectively, defendants Nardi, Allen Friedman, and Argie accepted the payments and the other benefits accruing to them paid by Local 507, as described in those paragraphs, purportedly to pay their salaries as union employees, despite the fact that they were not employed by Local 507 and were performing no services for Local 507, as they and defendants Presser and Harold Friedman well knew.

12. Defendants Presser and Harold Friedman made false statements to the United States Department of Labor, to other government agencies, and to entities within the International Brotherhood of Teamsters, concerning the purpose of the payments described above, in order to further their scheme to defraud the Local of these funds and to conceal the reasons for the payments. Many of these false statements were sent by the United States mails.

13. On March 20, 1986, plaintiffs and others wrote to the

Executive Board of Teamsters Local 507, asking it to take action to recover for the benefit of Local 507 the funds wrongfully taken from the Local pursuant to the foregoing scheme to defraud Local 507 of the moneys paid as salaries and related taxes and benefits for Nardi, Allen Friedman, and Argie. Not only has the Executive Board taken no such action, but it has never responded to plaintiffs' demand letter.

14. On May 27, 1986, plaintiffs by their counsel wrote to the Executive Board of Teamsters Local 507, noting the fact that defendants Presser and Harold Friedman had been indicted for their participation in the misconduct set forth in the foregoing paragraphs, and urging the Board to take action to protect Local 507's interest in recovering the moneys wrongfully taken from it. A copy of this letter was also sent to the General Executive Board of the International Brotherhood of Teamsters, asking it to take action to compel the Local 507 Executive Board to act to protect Local 507's interest in recovering these funds. Neither the Executive Board of Local 507 nor the General Executive Board of the International has ever taken the action requested or even responded to the demand letter.

COUNT ONE

15. By causing payments to be made as alleged in the foregoing paragraphs, and by receiving these payments, despite the fact that the recipients were not in fact employed by Local 507 and were not in fact performing services for Local 507, defendants Presser, Harold Friedman, Allen Friedman, Nardi and Argie

violated their fiduciary duties to Teamsters Local 507, as set forth in 29 U.S.C. § 501. Defendants are therefore obligated to reimburse Local 507 for these funds, plus interest accrued thereon. Defendants Presser and Harold Friedman are further obligated to reimburse Local 507 for the salaries which they received from it while thus abusing their positions of trust.

COUNT TWO

16. Defendants Presser and Harold Friedman made the foregoing payments from the funds of Local 507, and defendants Allen Friedman, Nardi and Argie accepted such payments, in violation of 29 U.S.C. § 501(c), and the making and the receipt of each such payment constitutes a racketeering activity under 18 U.S.C. § 1961(1)(B).

17. Each mailing of false statements in furtherance of the scheme to defraud Local 507 by making payments to and on behalf of the ghost employees, as described above, was a violation of 18 U.S.C. § 1341, and constitutes a racketeering activity under 18 U.S.C. § 1961(1)(B).

18. The payments to defendants Allen Friedman, Nardi and Argie, described above, and the use of the mails to prepare and transmit false statements to perpetuate and conceal this scheme to defraud Local 507, constitute a pattern of racketeering activity under 18 U.S.C. § 1961(5).

19. Defendants Presser, Harold Friedman, Allen Friedman, Nardi, and Argie, conducted or participated in the conduct of an enterprise, viz., Teamsters Local 507, through a pattern of

racketeering activity described in paragraphs 16 through 18, in violation of 18 U.S.C. § 1962(c), and conspired to violate that section, in violation of 18 U.S.C. § 1962(d).

20. Defendants Presser and Harold Friedman made similar fraudulent payments, drawn on the account of Bakery Workers Local 19, to Anthony Hughes. Defendants Presser, Harold Friedman, Allen Friedman, Nardi, and Argie, conducted or participated in the conduct of an enterprise, viz., Jackie Presser, Harold Friedman, Anthony Hughes, Teamsters Local 507, Bakery Workers Local 19, and the affiliated pension and benefit plans of those locals, through a pattern of racketeering activity which included not only the payments from Local 507 funds, but also other racketeering activities involving payments and false statements about payments from Bakery Workers Local 19 and its affiliated pension and benefit plans, in violation of 18 U.S.C. § 1962(c), and conspired to violate that section, in violation of 18 U.S.C. § 1962(d).

21. Teamsters Local 507 and its members, including plaintiffs, were injured in their business or property by the violations of 18 U.S.C. § 1962 described above. They were deprived of the Local 507 funds which were wrongfully paid by defendants Presser and Harold Friedman to defendants Allen Friedman, Nardi and Argie, and of the use of those funds, which were obtained from the members of Local 507 by mandatory dues assessments.

22. Pursuant to 29 U.S.C. § 1964, Teamsters Local 507 is entitled to recover threefold the damages sustained, plus costs of suit including a reasonable attorney's fee.

WHEREFORE, PLAINTIFFS PRAY THE COURT TO:

A. Grant them leave to proceed under 29 U.S.C. § 501;

B. Order defendants Jackie Presser, Harold Friedman, Allen Friedman, Jack Nardi, and George Argie to make restitution, pursuant to 29 U.S.C. § 501, to Local 507 of the funds paid to or on the behalf of Allen Friedman, Nardi, and Argie, with interest accrued thereon from the date of payment;

C. Order defendants Jackie Presser and Harold Friedman to make restitution, pursuant to 29 U.S.C. § 501, to Local 507 of the salaries which they received from the Local while they were abusing their positions of trust, with interest accrued thereon;

D. Award Local 507 treble damages, pursuant to 18 U.S.C. § 1964, against defendants Jackie Presser, Harold Friedman, Allen Friedman, Jack Nardi, and George Argie;

E. Issue an injunction, pursuant to 18 U.S.C. § 1964, requiring defendants Jackie Presser, Harold Friedman, Allen Friedman, Jack Nardi, and George Argie to divest themselves of any interest in Teamsters Local 507, and in any other labor organization in which they may at the time of judgment hold positions of responsibility, and to refrain from participation in any future activities in such labor organization;

F. Award plaintiffs their reasonable costs and attorney fees, pursuant to 29 U.S.C. § 501 and 18 U.S.C. § 1964; and

G. Award such other relief as may be just and proper.

Respectfully submitted,

Paul Alan Levy

Alan B. Morrison

Arthur L. Fox II

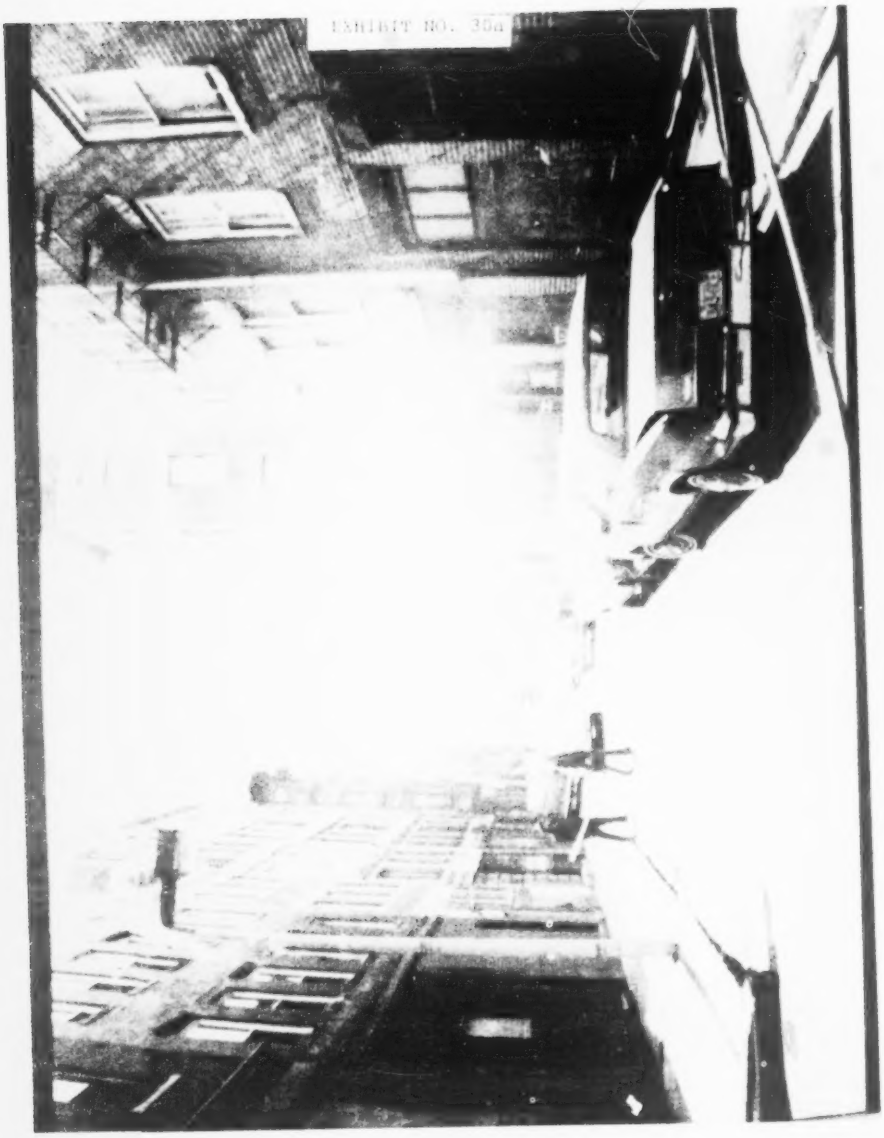
Public Citizen Litigation Group
Suite 700
2000 P Street, N.W.
Washington, D.C.
(202) 785-3704

Edward R. Stege, Jr.

Stege, Delbaum & Hickman Co., LPA
1800 Standard Building
Cleveland, Ohio 44113
(216) 861-0360

Attorneys for Plaintiffs

December 1, 1986

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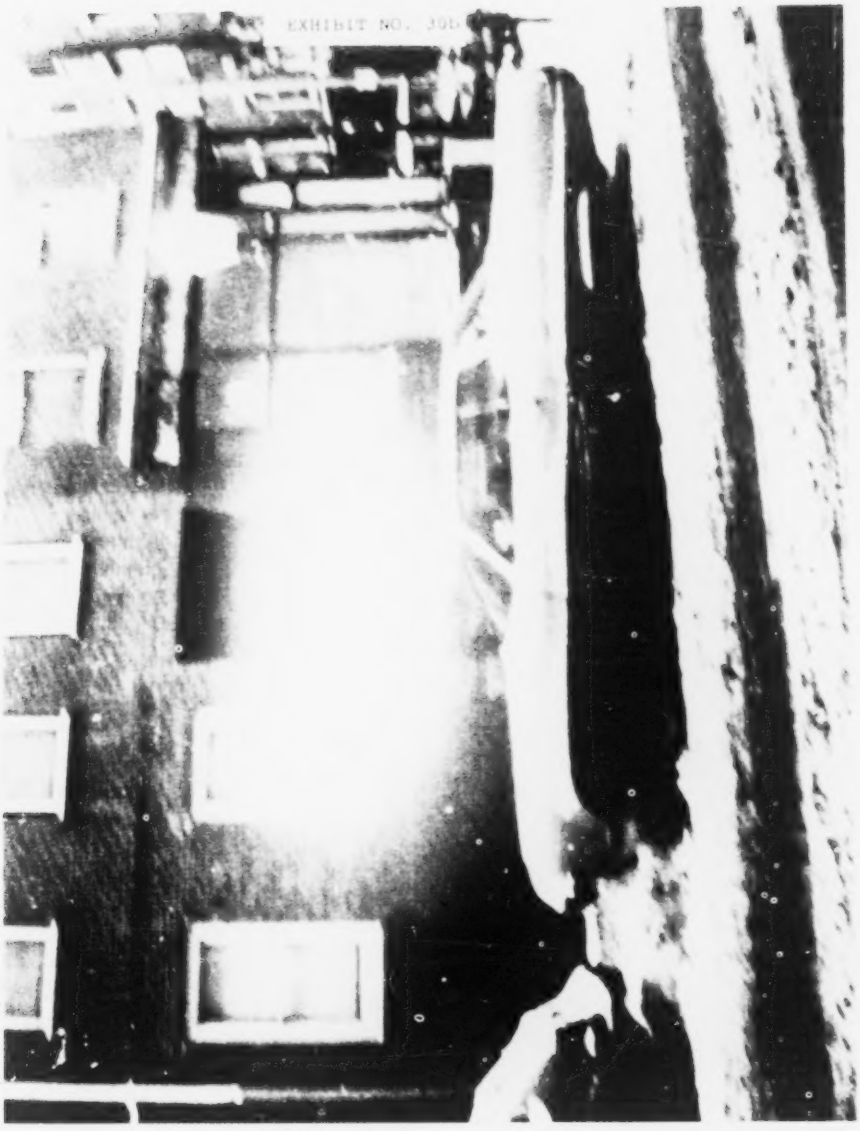


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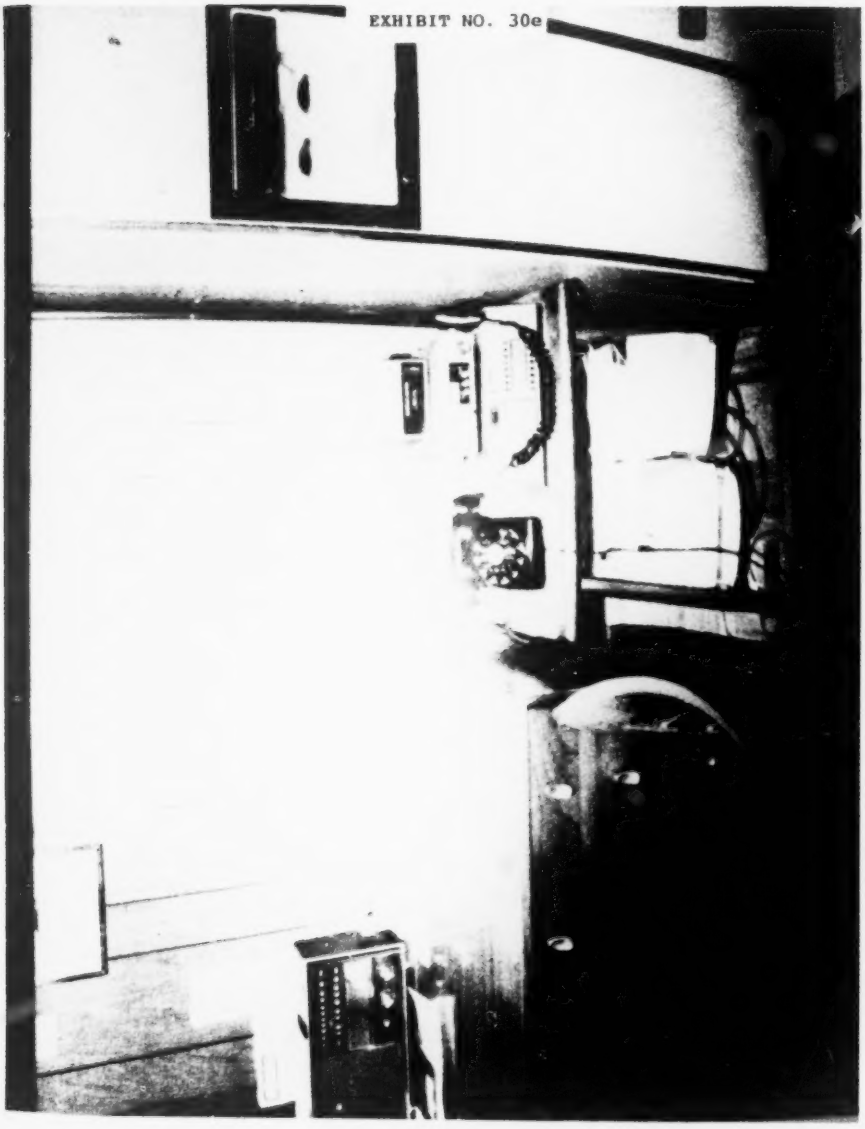

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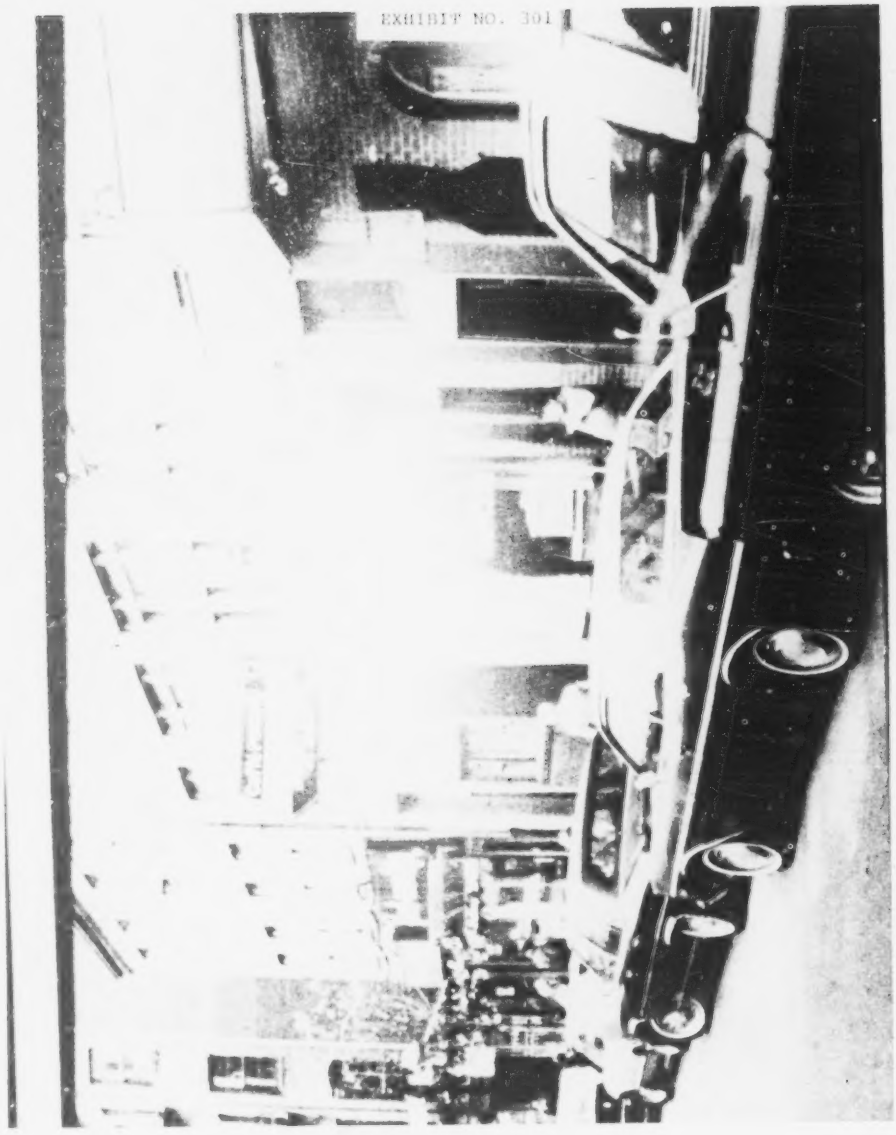


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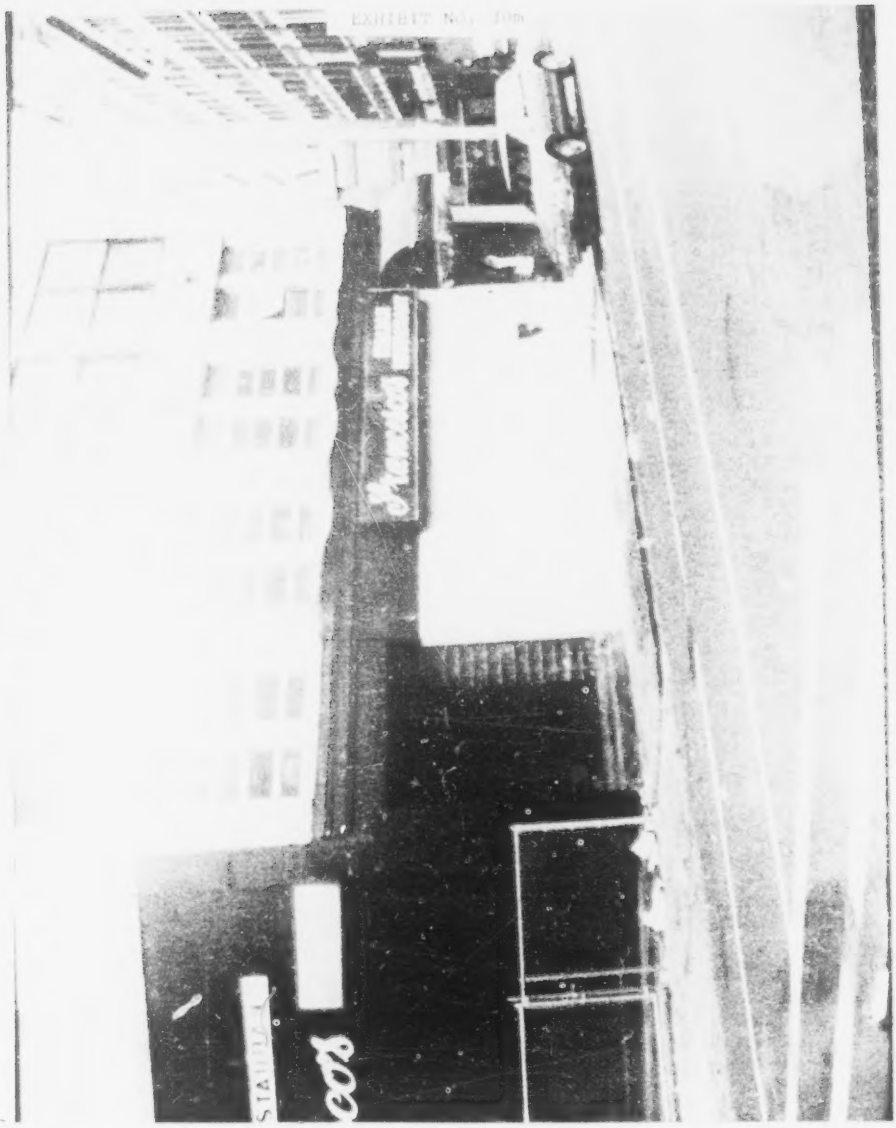



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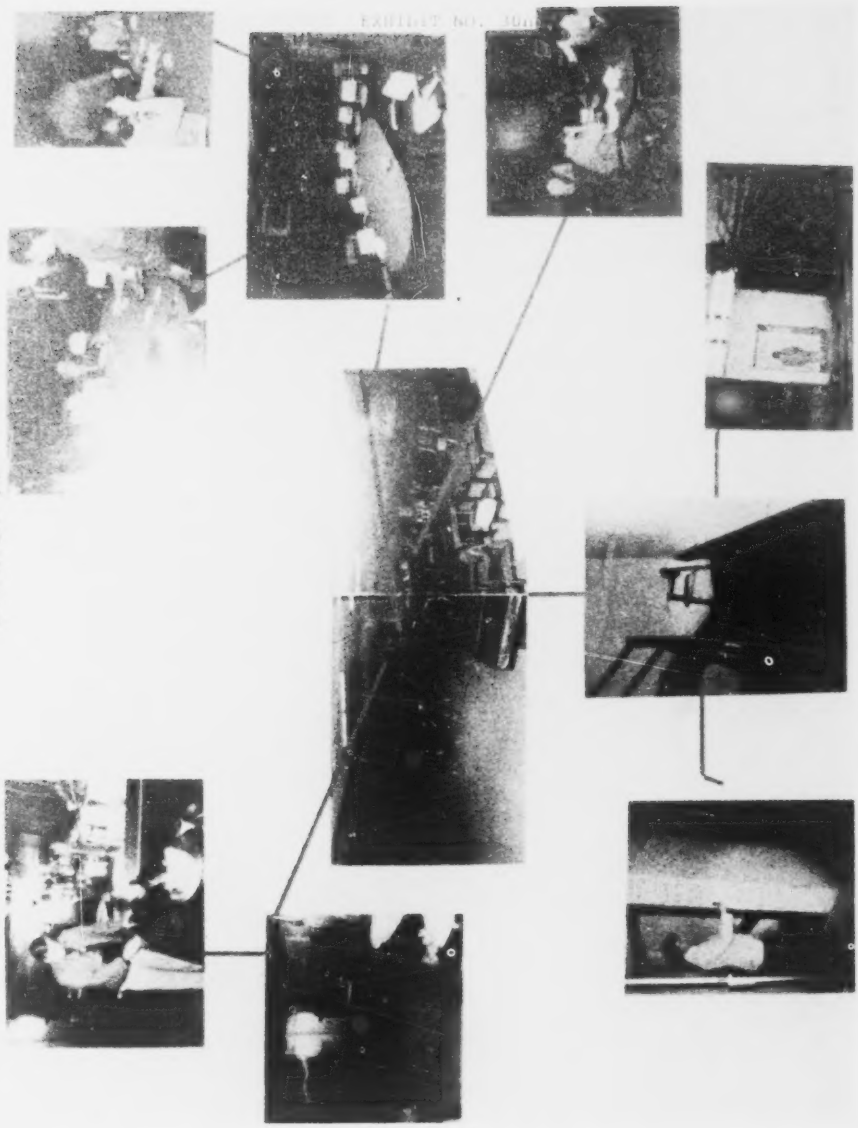

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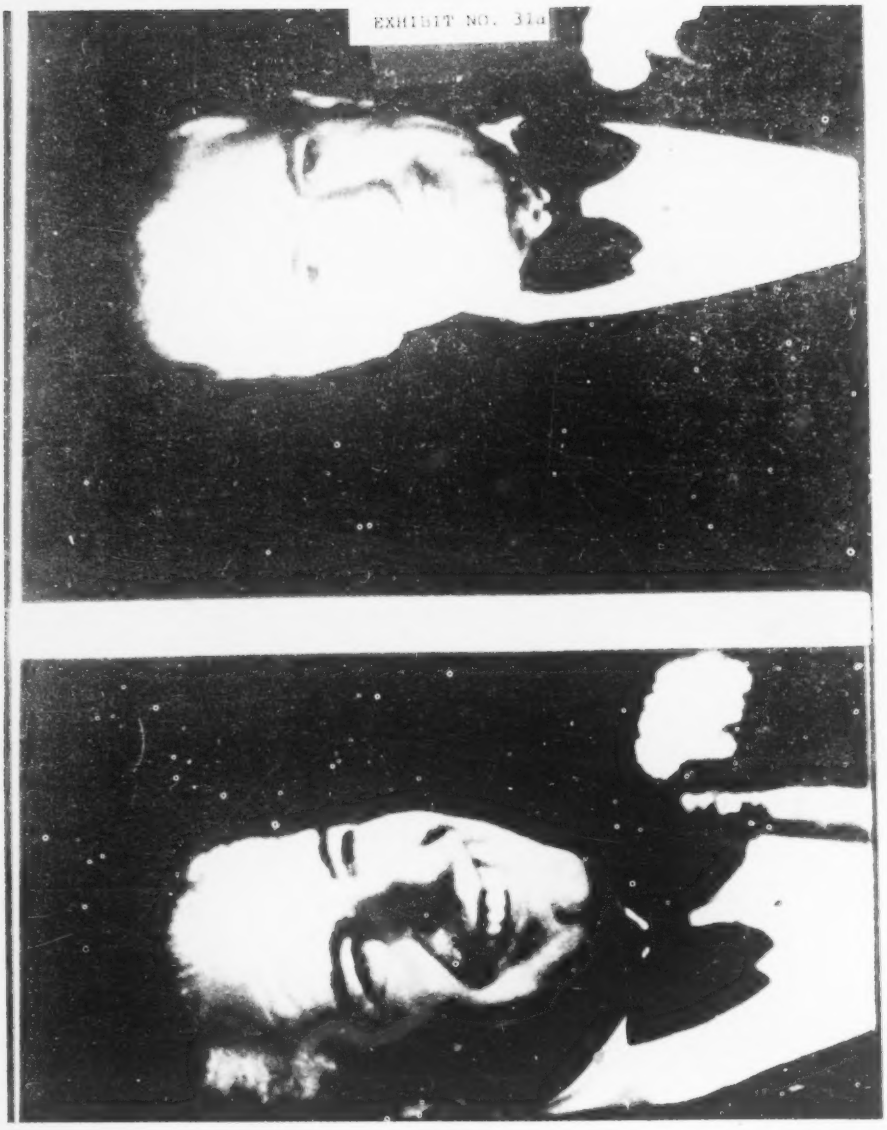


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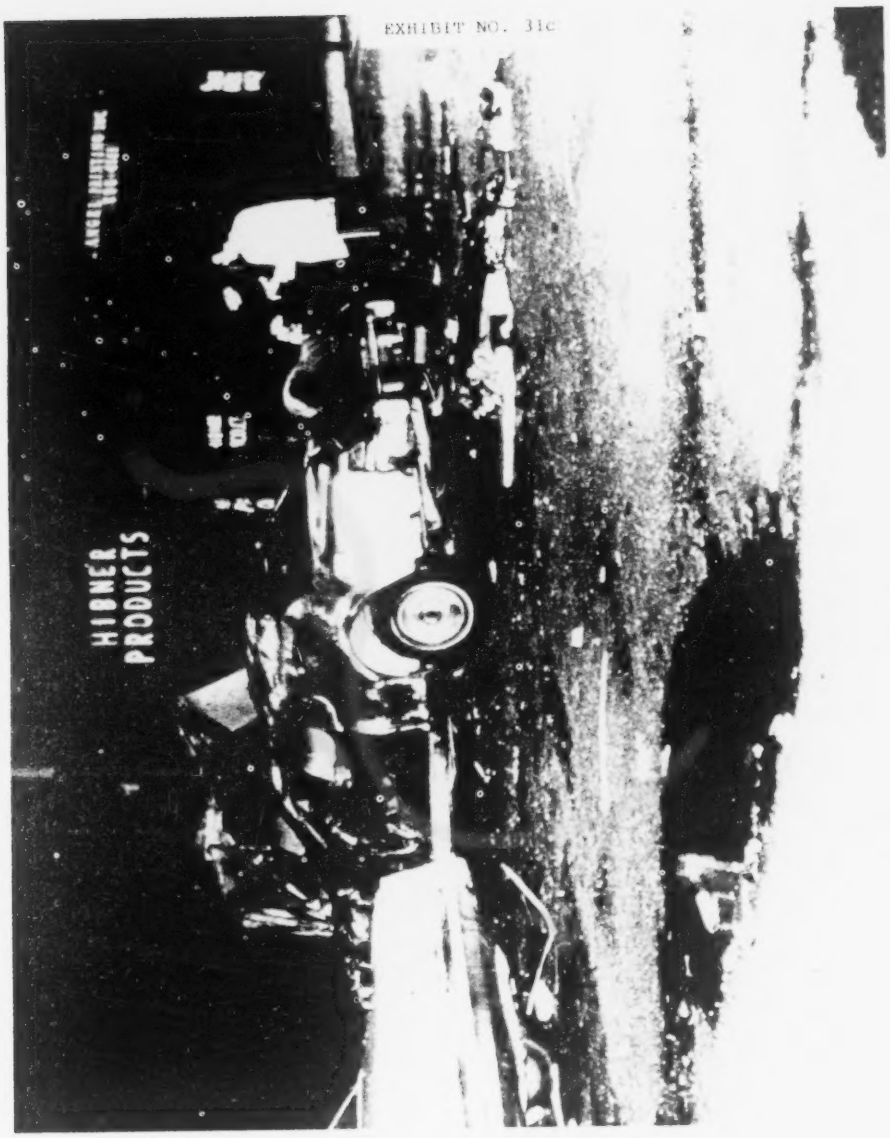


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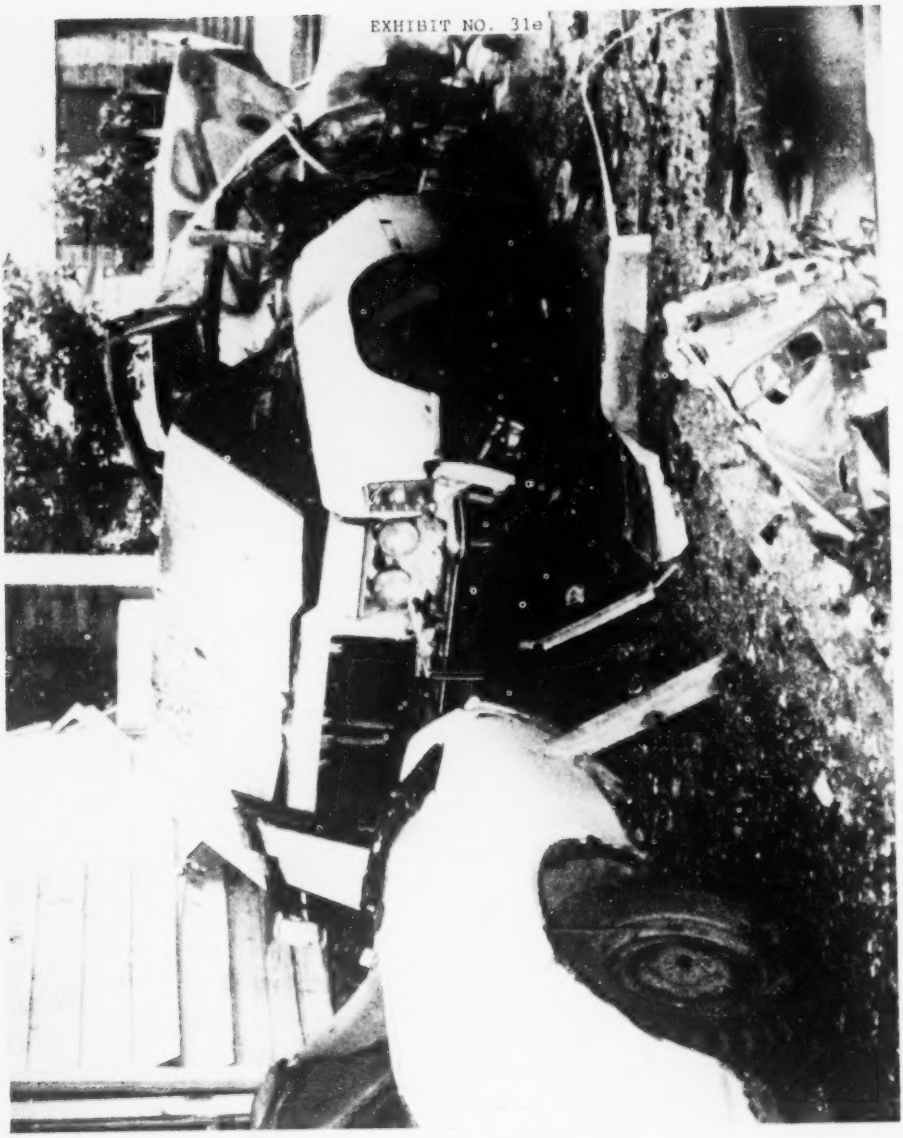

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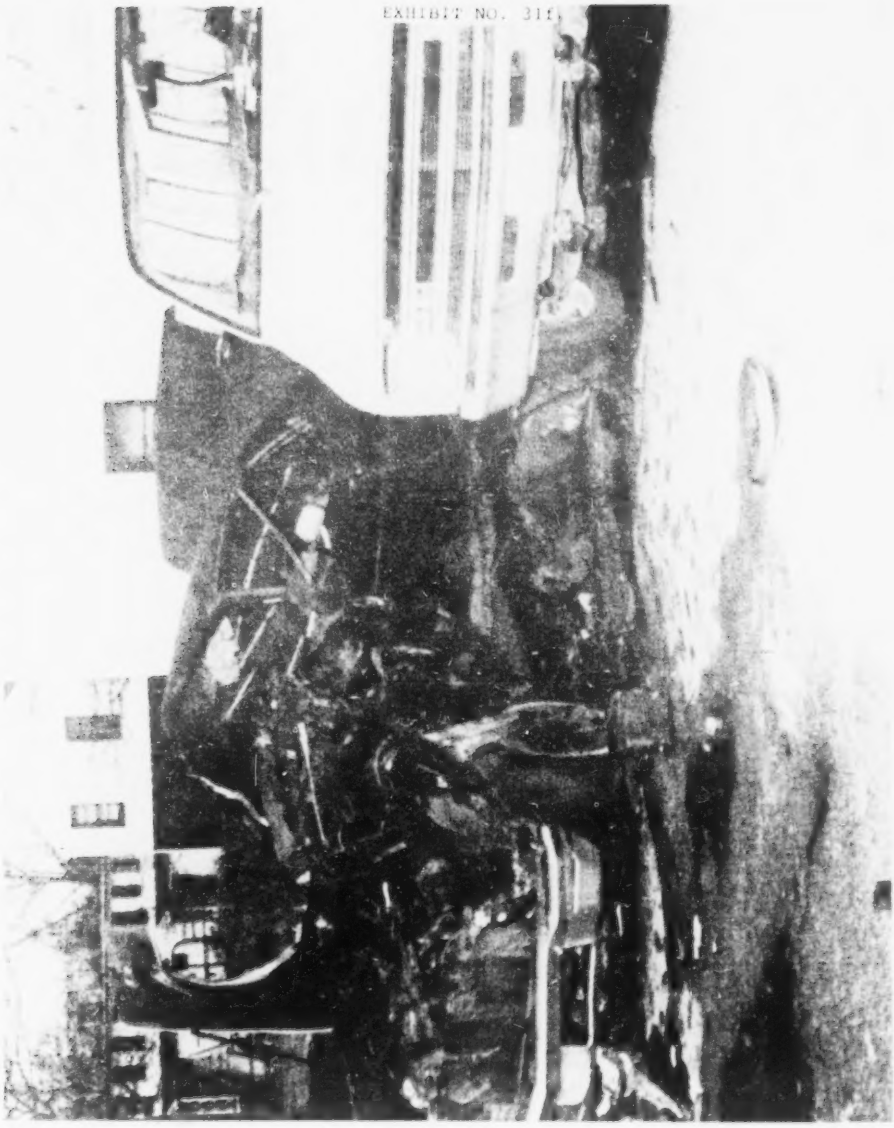

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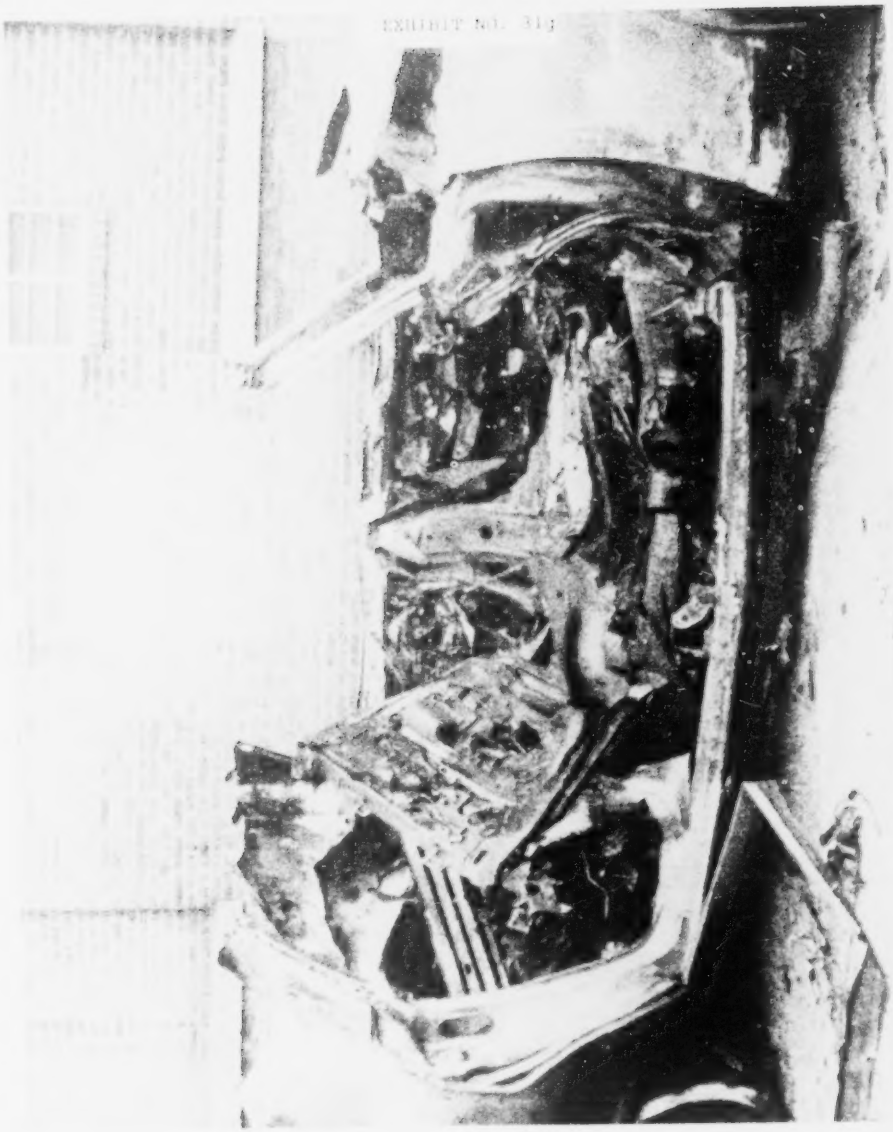

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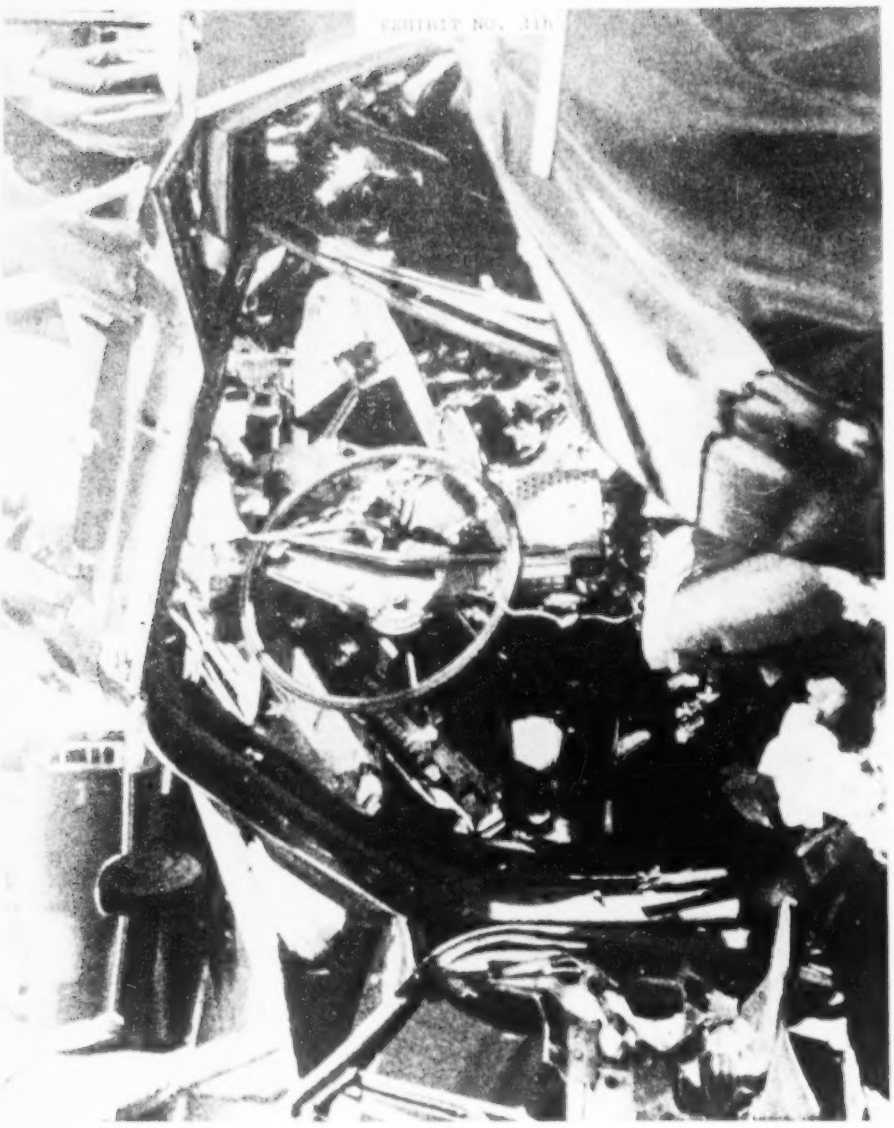

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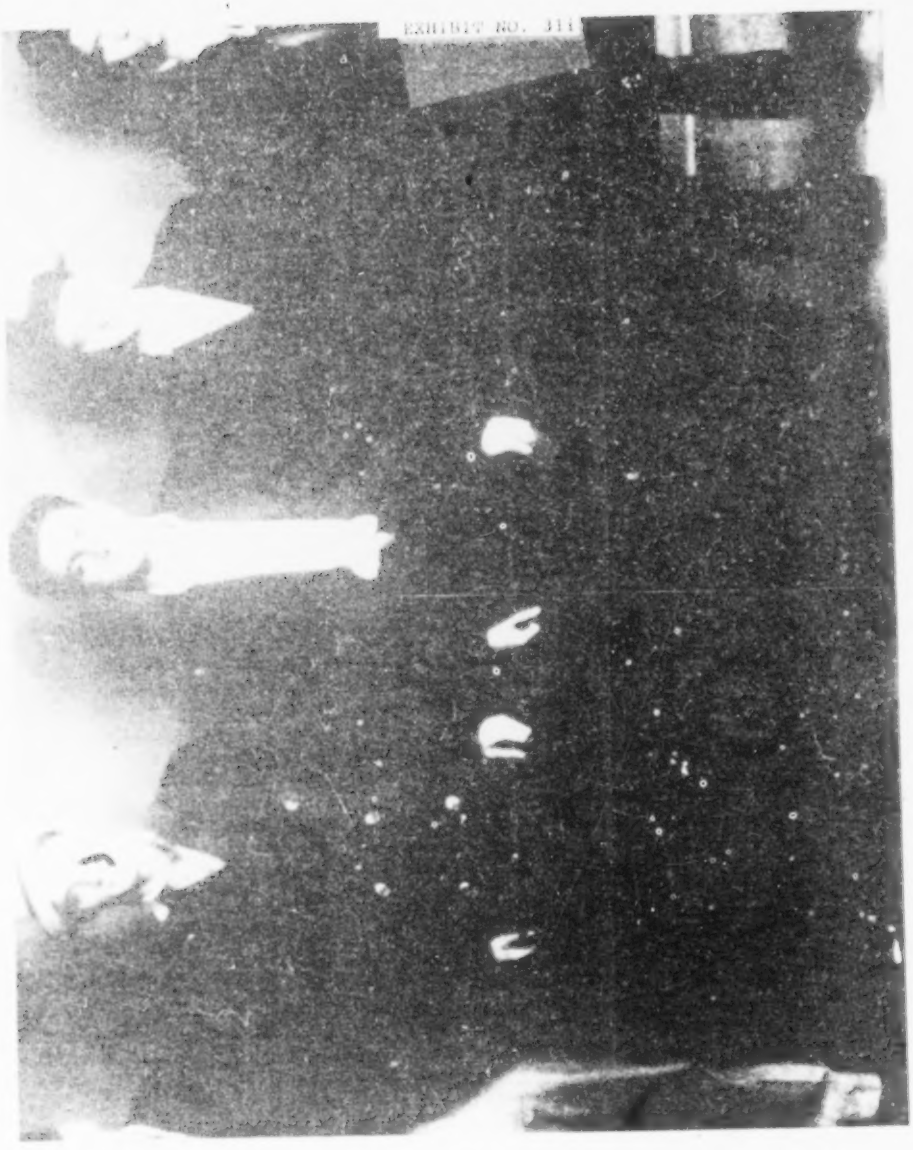


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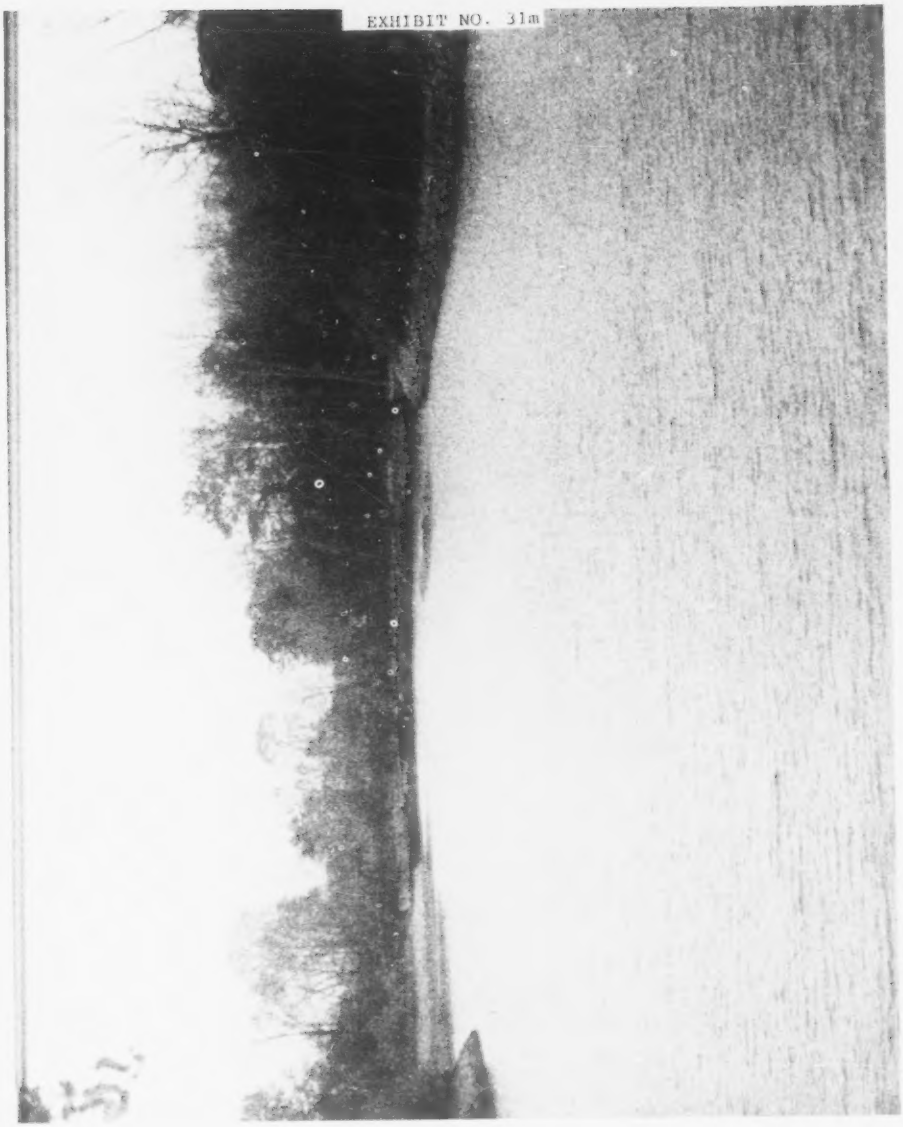


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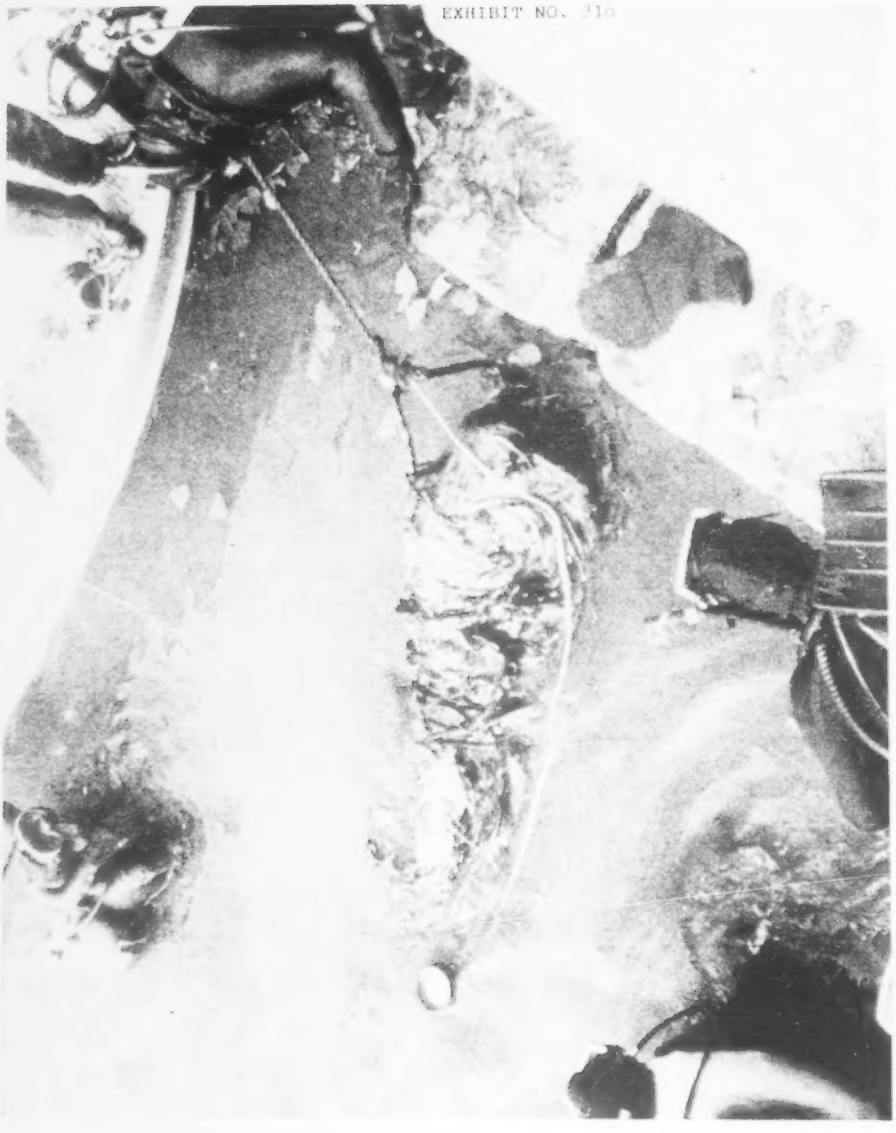

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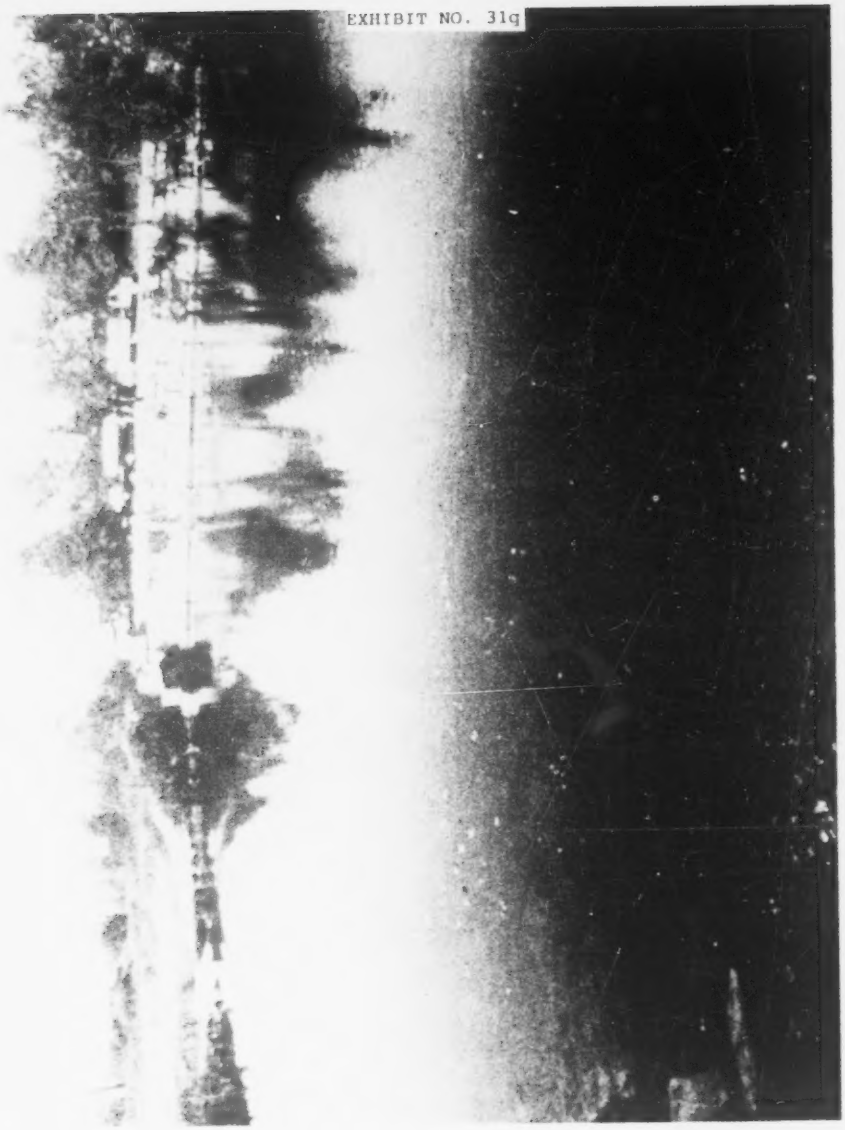


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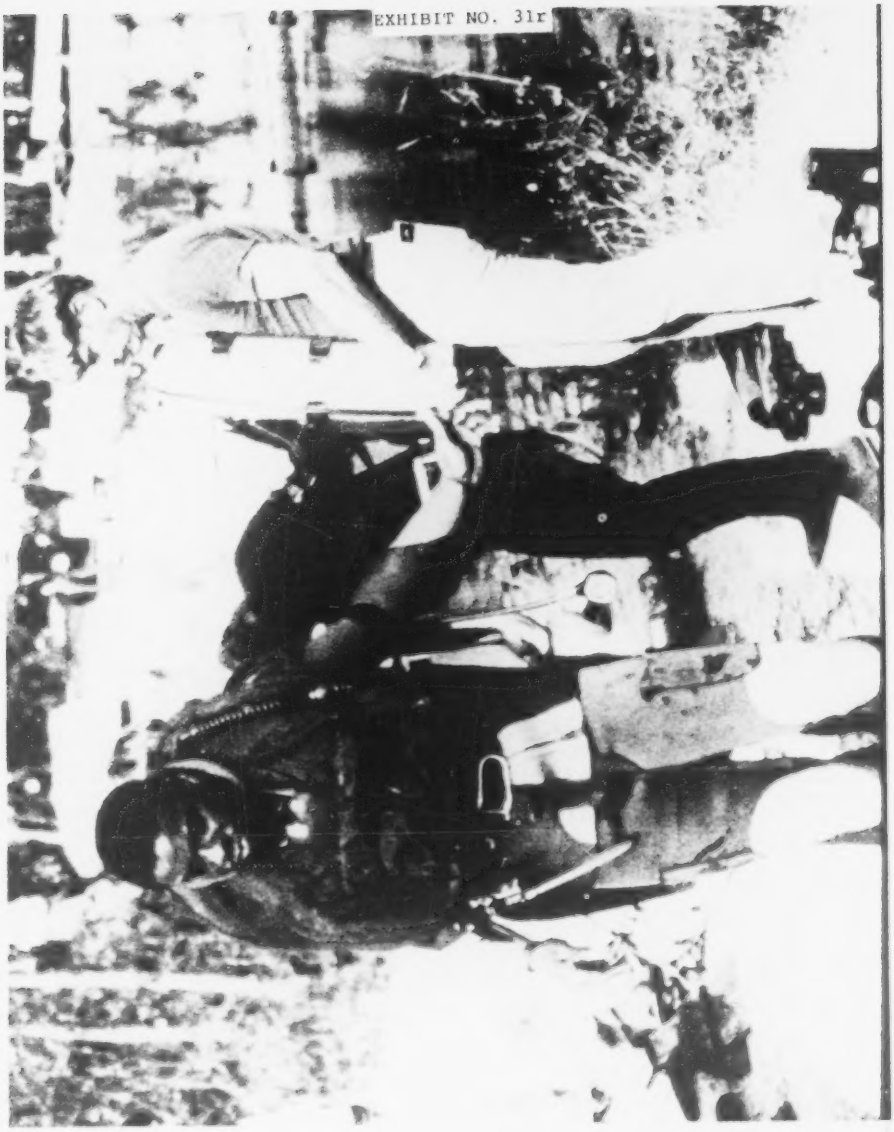
EXHIBIT NO. 31r

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EXHIBIT NO. 311

| | | |
|---|---|---|
| 1968 | | |
| 7/11/68 | PATRICK CAVALLINO | wounded, released |
| | | body never found |
| 6/21/69 | PETE DI GRAVIO | murdered |
| 1971 | | |
| 10/31/71 | ARTHUR SNEPERGER | killed by bomb |
| 11/26/71 | MICHAEL PRATO | shot and killed |
| 1972 | | |
| 1/1/72 | POST AND PADDOCK RESTAURANT | Autos of SANDY PUBL, PHIL BONADONNA and JOSEPH BRANCATO damaged by bomb |
| 1973 | | |
| 10/6/73 | SALVATORE CARCIONE | shot and wounded |
| 10/6/73 | ROBERT BOGGESS | shot and killed |
| 10/6/73 | WILLIAM WHITCOMB | shot and killed |

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| | | |
|---|---|---|
| **1975** | | |
| 3/29/75 | ALEX "SHONDOR" BIRNS | killed by bomb |
| 4/12/75 | DANNY GREENE | injured by bomb |
| 9/19/75 | JOHN CONTE | beaten to death |
| **1976** | | |
| 7/22/76 | EUGENE CIASULLO | injured by bomb |
| 8/20/76 | JOSEPH KOVACH | shot and killed |
| 8/20/76 | JOSEPH ILLILUS | shot and killed |
| 8/22/76 | LEO MOCERI | reported missing |
| 9/10/76 | JOHN NARDI | shot at (not injur |
| 9/24/76 | FRANK PERCIO | killed by bomb |
| | | blewup on auto of ALI CALABRESE |
| 9/26/76 | EUGENE CIASULLO | home damaged by |
| 10/26/76 | LARRY CASSANO | shot and killed |

EXHIBIT NO. 31V

| | | |
|---|---|---|
| | [illegible] | killed placing bomb on behalf of JOHN DEE ZOPPO |
| | [illegible] | killed by bomb placed on [illegible] |
| | [illegible] | shot and killed |
| | [illegible] | killed by bomb placed on [illegible] |
| | [illegible] | home damaged by bomb |
| | [illegible] | shot and killed |
| | | |
| [illegible] | POST AND PADDOCK RESTAURANT | damaged by bomb |
| 7/1/78 | ORVILLE KEITH | reported missing |
| 11/18/78 | KEITH RITSON | reported missing |
| 12/3/78 | CHARLES GRISHAM | shot and killed |
| 1979 | | |
| 1/11/79 | JAMES CONOMICO | shot and killed |
| 1/19/79 | LABORERS AFL-CIO LOCAL 860 | damaged by bomb |
| 5/12/79 | ROBERT FUREY | shot and killed |
| 7/25/79 | JOHN TOBIN | shot and killed |
| 10/4/79 | ASGARD LOUNGE | damaged by bomb |

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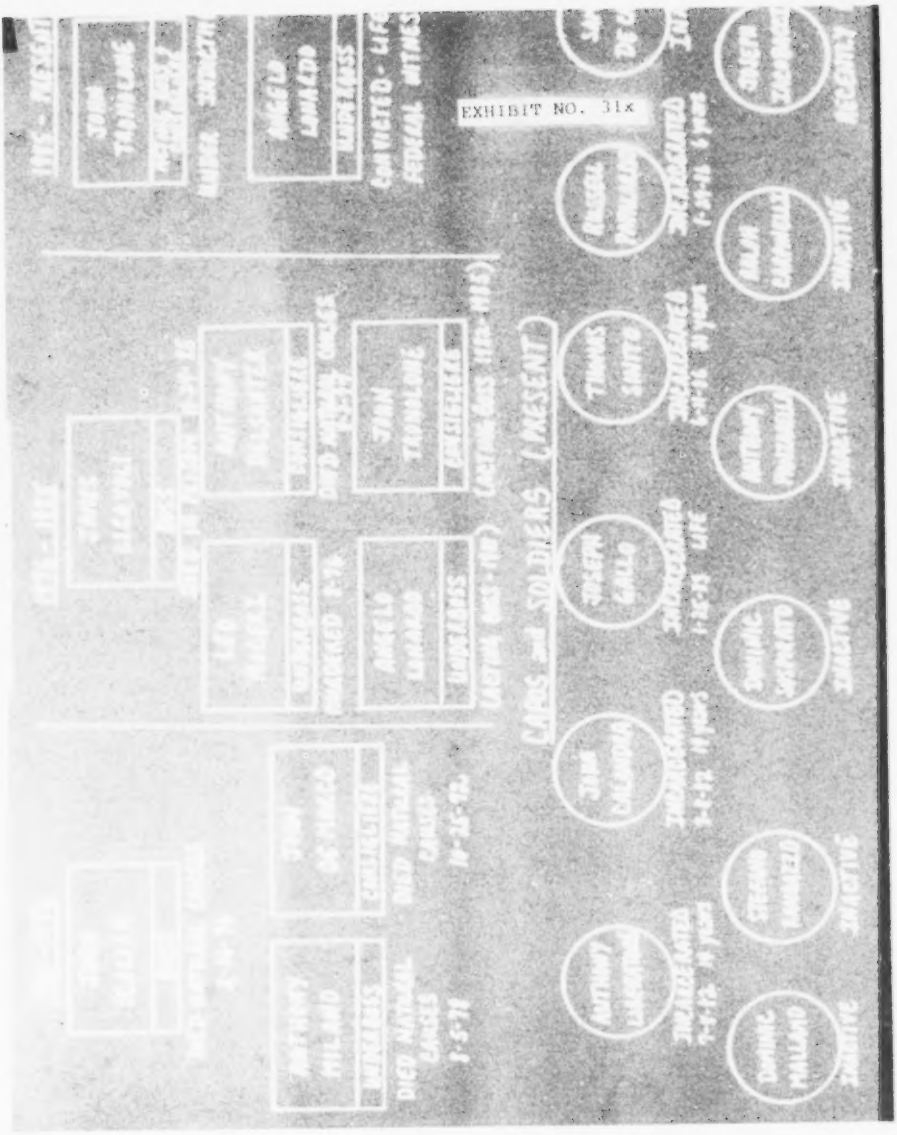


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EXHIBIT NO. 35

# EXCERPTS OF ELECTRONIC SURVEILLANCE BY THE FEDERAL BUREAU OF INVESTIGATION AND COOPERATING WITNESS

Sheer/Kossler Testimony
Federal Bureau of Investigation
New York, New York

HISTORY OF THE COLOMBO FAMILY

An 11/4/1981 Conversation
between
Frank Falanga
and
Vinny LNU

V: By the way, you know gotta excuse me cause I'm a very nosey guy. I'm always inquisitive. But I never thought (Anthony) Scotto was Colombo -- was a Colombo Family. The old man (Thomas S. DiBella) made him, then?

FF: No. Gambino made him. Carlo Gambino made him. He made him a skipper. That guy.

V: Well, who else could?

FF: He made him a skipper right away. And then he (Scotto) could -- ah, it was very fast.

V: And, then, Gambino . . .

FF: 'Cause every time he used to send down, somebody sent down, it was never taken care of. And never was done, never was done. And, then he had to do the right thing. Then this [expletive] and [expletive] everything and that's it. 'Cause then it got hot, and that's how he made him a skipper like the old man (DiBella).

V: Well, then when he -- wait a second, I lost track. When (Carlo) Gambino retired, who took his -- (Tom) DiBella took his place, right?

FF: No, Gambino was always the head Godfather.

V: He was the Boss of everything?

FF: Yeah. He (Carlo Gambino) was the big Boss. The big, big, big guy.

V: I always thought that.

FF: Now, everybody's got a family. (Tom) DiBella's got a family. Right, he's got the Profaci (now Colombo) family. Ah, Bonannos' have got this guy. Ah, the other guy has got that guy. That other crew. You get it?

V: But I thought DiBella was Colombo?

FF: That's Colombo.

V: Profaci?

FF: Right.

V: Profaci-Colombo are one in the same?

FF: Profaci's all one. That's all one. It's all one.

V: I'm all confused.

FF: It was Profaci. Profaci died, Colombo took over. Carlo Gambino was always -- he was made boss . . .

V: Of everybody?

FF: Yeah, the overall capo, capote -- big shot. This Profaci, Profaci. Profaci died. Now, ah, the Sheik was there.

V: The who?

FF: The Sheik.

V: Who the hell is the Sheik?

FF: Sally the Sheik. Sally the Sheik (Salvatore Musaccio). Sally the Sheik da beem bah (phn), while he was in office, he was getting old. Da boom boom boom -- made Colombo the boss. From Colombo he went -- Colombo was kinda young to be made a boss. He was young. Youngest boss ever made. Big boss. And, ah, from there he (Colombo) passed away and, ah, was, ah, there was nobody at the head of this (Colombo) family then. (John) Sonny Franzese (Capo, Colombo LCN) was away. Junior (Carmine "Snake" Persico, Jr.) -- Junior was always there. As hot as a firecracker. He was always underboss. Even with Colombo.

V: He probably got [expletive] because of that?

FF: No. He (Persico, Jr.) was always underboss. Nah, he didn't care. 'Cause he always had a green light, ya know? Now, ah, there was never none of this -- it was always happy harmony right down the line. No, ah, end up, ah, while, while, while, ah, Alley Boy (Alphonse Persico -- current F.B.I. fugitive) was in jail, Junior turned around, Alley Boy came out. Now, da boom, da boom, Alley -- Junior got a hood, and he made, and he made his brother Alley-Boy now.

* * *

LOANSHARKING

A 12/11/1981 Conversation
between
Frankie Falanga, aka "The Beast"
and
Vinny LNU

V: You still having problems with that guy?

FF: Ah, I put a [expletive] bully (ph) on him. I straightened him out. He owed thirty-two hundred dollars -- I says, now you owe four thousand dollars!

V: (Laughter)

FF: How much could you pay every [expletive] week? Don't give me your [expletives] a thousand this, that, your sister-in-law's [expletive], before I crack you in the [expletive] mouth. You made me make two trips here for nothin'. Now, I'm telling ya, this is the last [expletive] trip. I'll put your [expletive] head in a Mixmaster. Who would I want to sell then? If you had one of those things? The guy who's got a pizza -- he's got a brand new one.

V: He wants to put ah -- (laughter) --

FF: And I'll put your [expletive] head in there. I'll show ya -- you know what? You don't live up to your [expletive] thing I'll come here with four [expletive] men. (Pause) I'll take you, with the [expletive] thing, and I'll come here with a truck, with four men, I'll carry your [expletive] ovens and every [expletive] thing out. What do ya know about that? Look, ya got a friend? Well, ah -- you got a friend, you better reach out and tell him that I was here. And I'm gonna do it. So he gave me two hundred dollars that day. Now, he got to give me -- I made a good deal -- I gave him three hundred dollars a week. Now, you owe four thousand dollars.

V: Make sure he's not wired or nothing, huh?

FF: No. No, he owes four thousand dollars. Four thousand dollars he owes now. It's all legit, this business. It's all legit. (Pause) [expletive]

V: Yeah, but you're not supposed to put guys' heads in Mixmaster! It mixes! What did he -- what was it?

FF: V (inaudible) --

V: The Mixmaster! (Laughter)

FF: And I told him, I said, I said, I said, ya [expletive], I'll make a [expletive] pizza out of ya! I says, I'll make you squeeze through the [expletive] door!

* * *

LABOR RACKETEERING IN THE CONSTRUCTION INDUSTRY

A 3/19/1984 Conversation
between
Ralph Scopo
and
Sally D'Ambrosia

D'Ambrosia: I know, but ya know . . . oh, job 200 million, could I bid it? . . . as a GC.

Scopo: 200 million?

D'Ambrosia: As a GC.

Scopo: As a G, sure, GC, why not?

D'Ambrosia: I could do it?

Scopo: As a GC?

D'Ambrosia: Yeah.

Scopo: You ain't doin' the concrete.

D'Ambrosia: Sure, I'm doin' the concrete. Why not?

Scopo: How much is the concrete?

D'Ambrosia: Concrete's gotta be nothin'. . . .

Scopo: How much?

D'Ambrosia: What could concrete be, seven, eight, nine . . .

Scopo: The job's 200 million!

D'Ambrosia: Everything is upstairs, everything is above, all glass mirrors chromes . . .

Scopo: But, if the job's 200 million . . .

D'Ambrosia: Yeah.

Scopo: . . . the concrete's gotta be 12 million?

D'Ambrosia: Yeah. Why can't I do the concrete?

Scopo: You can't do it. Over two million you can't do it. It's under two million, hey, me, I tell you go ahead and do it.

D'Ambrosia: Who do I gotta go see? Tell me who I gotta go see?

Scopo: You gotta see every family. And they're gonna tell you no. So, don't even bother.

D'Ambrosia: If Tommy goes and talks to them?

Scopo: They'll tell you no. No matter who talks. I know they'll tell you no. I went through this not once, a hundred times. I can't get it for myself, how could I get it for somebody else?

D'Ambrosia: What'd happen if they give me million at a time?

Scopo: How can they give you a million at a time?

D'Ambrosia: What happens if they give me the million at a time?

Scopo: 'Cause you're goin' as a general contractor.

D'Ambrosia: You don't follow what I'm saying. (UI) I could get the job, nobody else should get the job, I could create the job.

Scopo: Yeah.

D'Ambrosia: Okay? I want to do the concrete. . . .

* * *

D'Ambrosia: I got, uh, oh yeah, they're looking to extend gate one, to make another building out of it. And, uh, uh, I co--, I could, we could, I could do it all at once, or I could do it in pieces. What would you suggest?

Scopo: First of all, the job costs you two points.

D'Ambrosia: Why two points?

Scopo: That's what they pay. Anything over two million. All the guys in the club, got so much, out pay two points.

D'Ambrosia: Uh, so, I put two points into the job, you see that, that's . . .

Scopo: That's what I say, you gotta put it ahead of time.

D'Ambrosia: Yeah.

Scopo: That's without union, without nothin'.

D'Ambrosia: Yeah, I know what you're saying.

Scopo: Then, you got nothin', that's just for the job. Out here, I think I could do something.

D'Ambrosia: Should I go talk to Tommy?

Scopo: Ain't gonna do you no good. They're gonna come back to me.

* * *

# ENTERPRISE THEORY OF INVESTIGATION

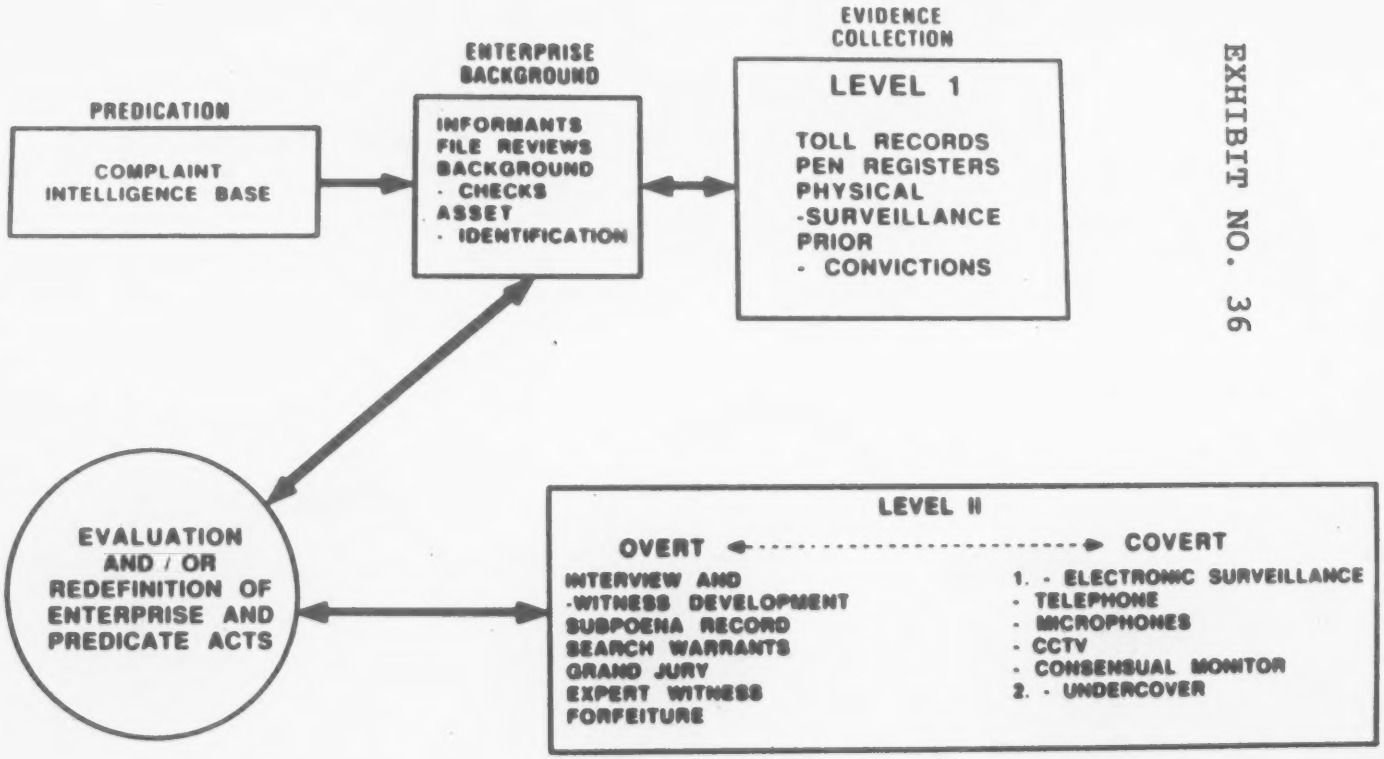
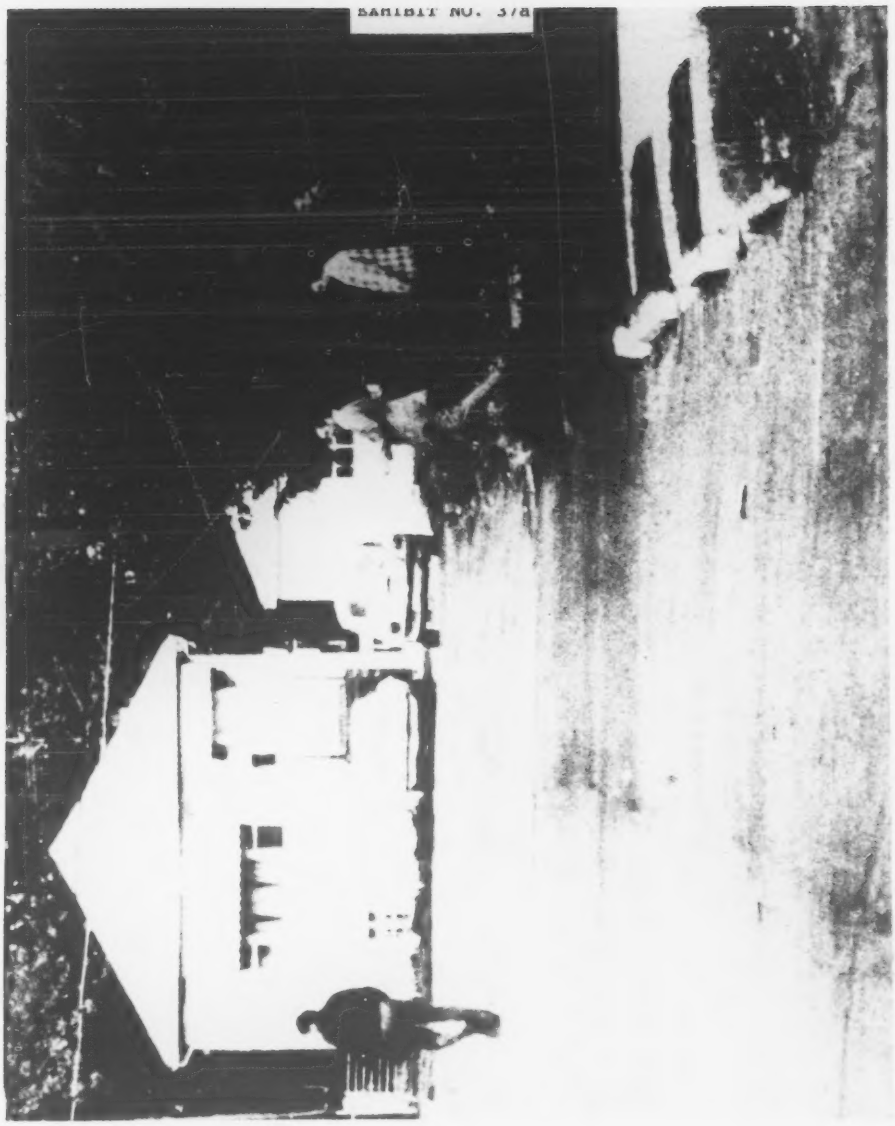



EXHIBIT NO. 36

"Commission Case"
Gambino Family Investigation
Genovese Family Investigation
Luchese Family Investigation
N.Y.S.O.C.T.F.
Genus Eclipse Star
Colombo Family Investigation
Genus Project 1981
Bonanno Family Investigation
Genus Cattails
(Pizza Case)

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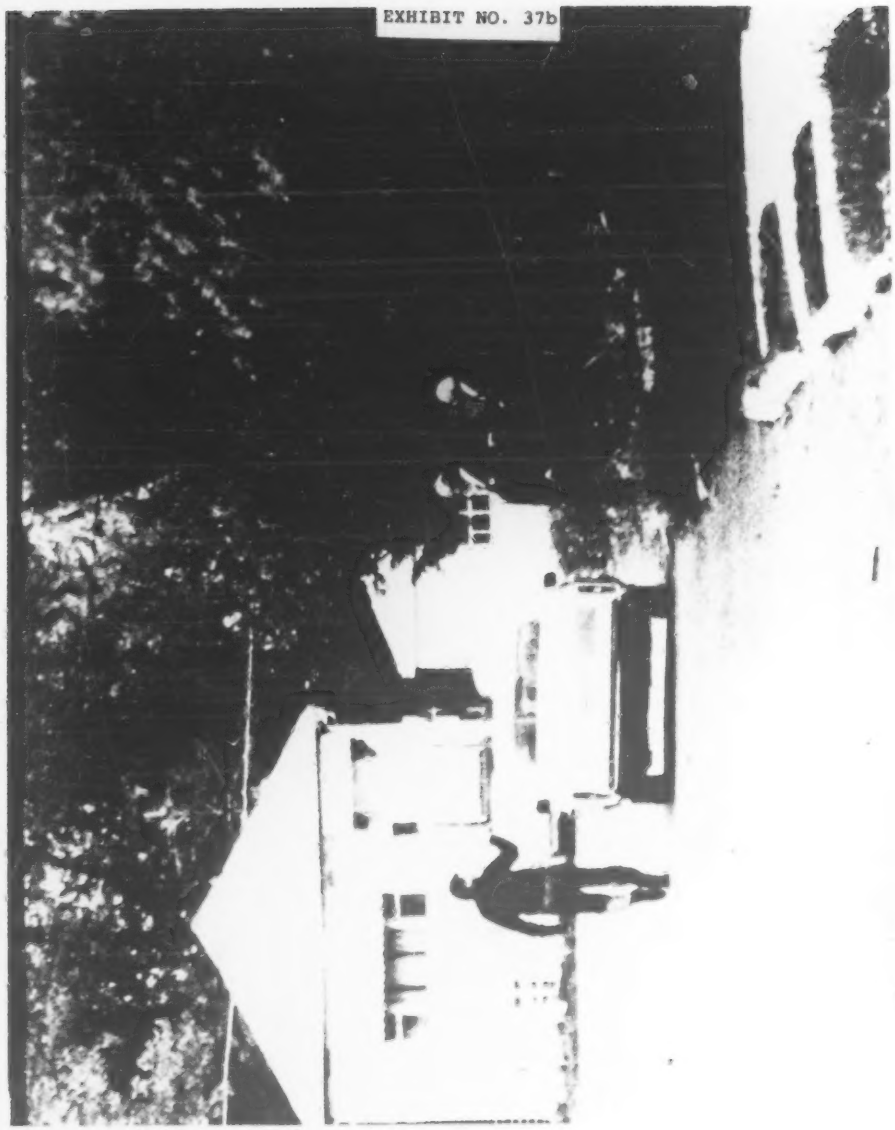


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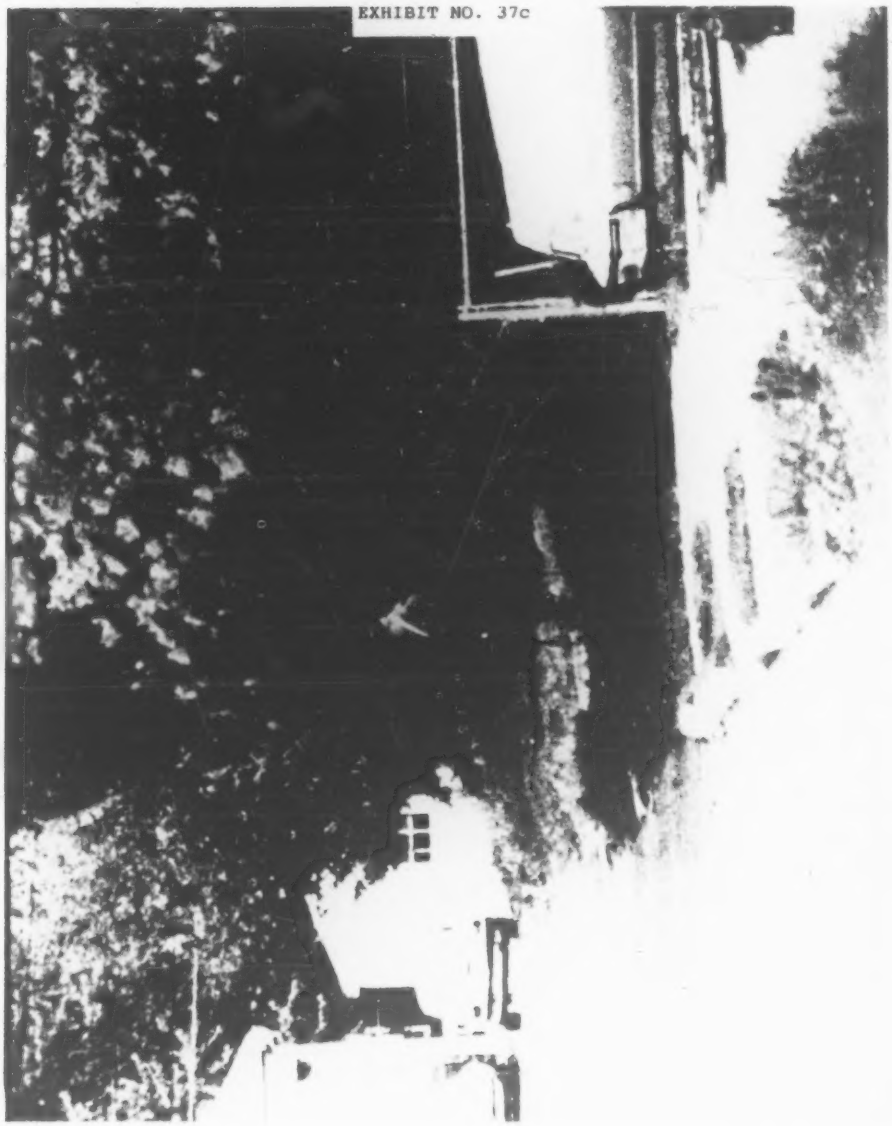

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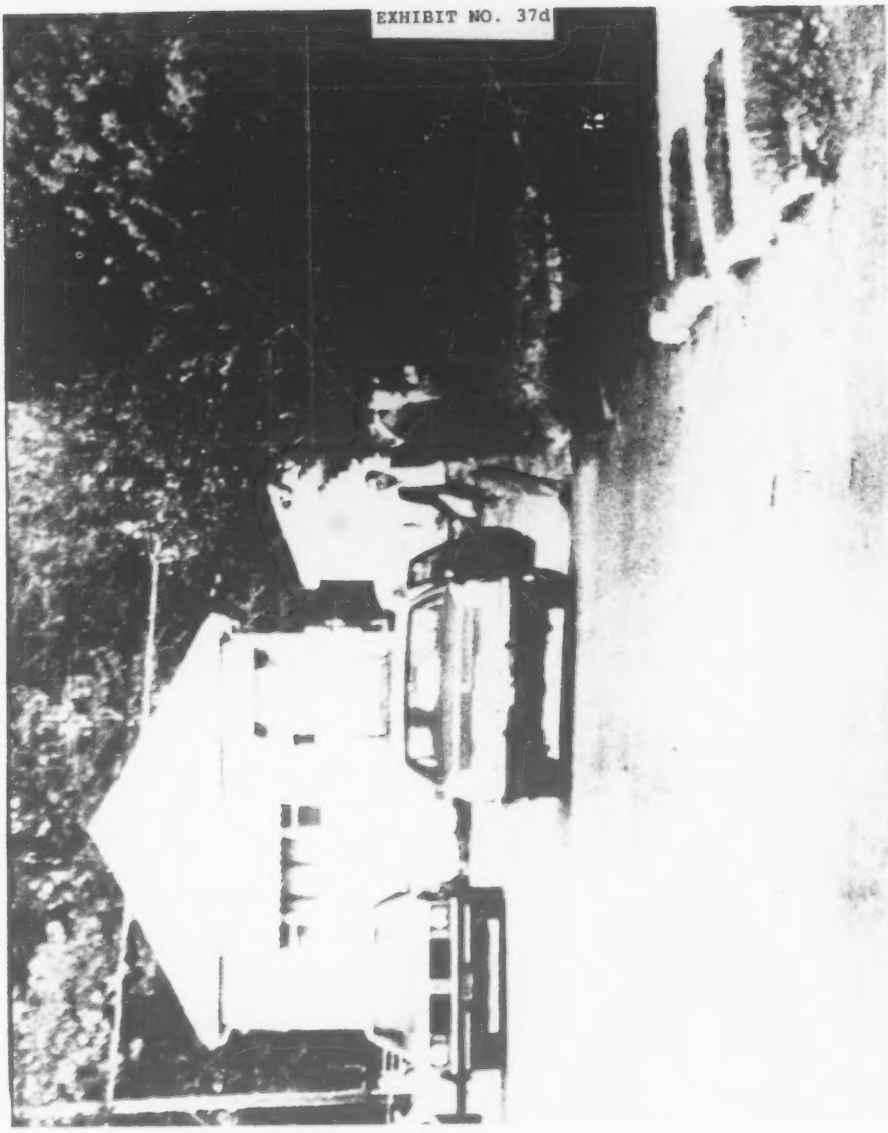


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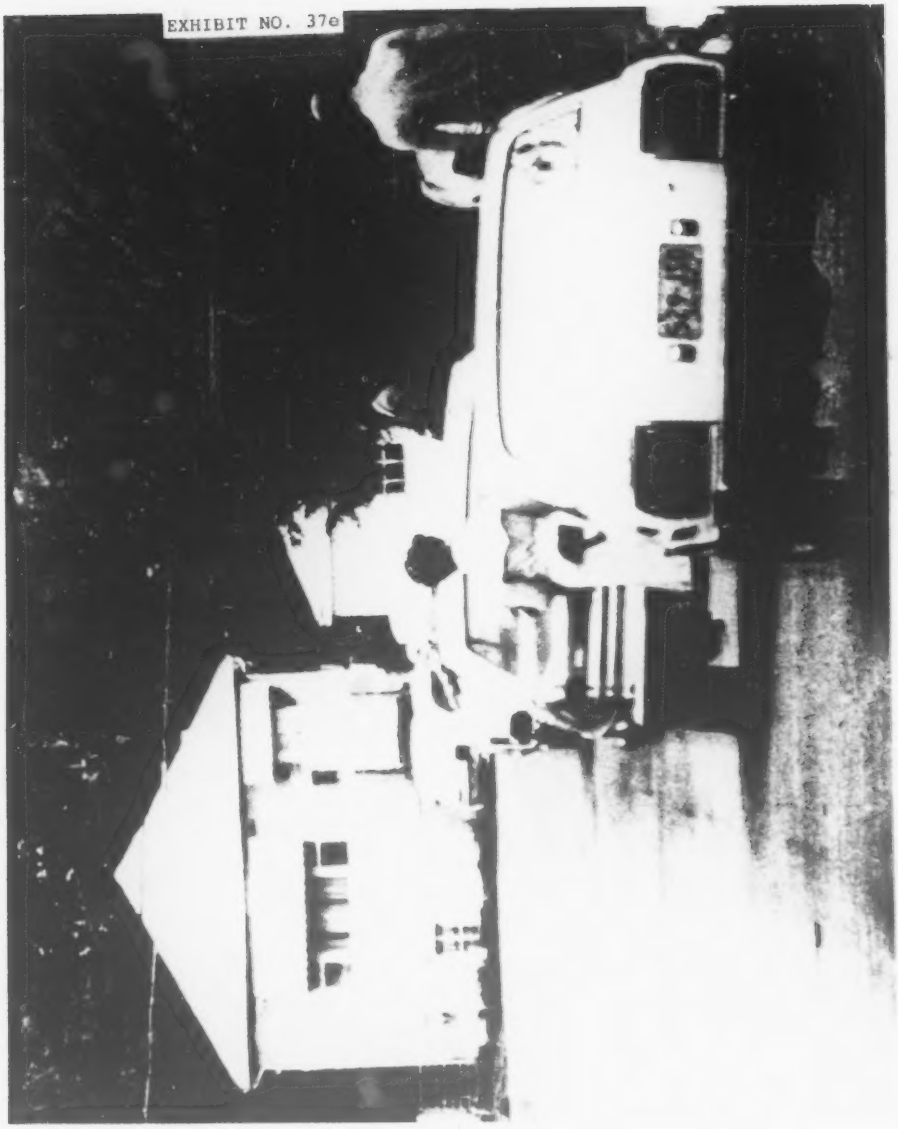


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# A F F I D A V I T

EXHIBIT NO. 38

OF

VINCENT CAFARO

I, Vincent Cafaro, of New York, New York, freely and voluntarily make the following statement to the staff of the United States Senate Permanent Subcommittee on Investigations of the Committee on Governmental Affairs.

My name is Vincent Cafaro, known to my friends as the "Fish". Thirty-six years ago, when I was a seventeen year old kid in New York City, I got "pinched" or busted for possession of two ounces of "junk" - meaning, narcotics. My grandparents went to "Fat Tony" Salerno, at the time, a soldier in the Genovese family or "brugad", for help. Fat Tony got me a lawyer, took me aside and gave me some advice: leave the junk alone - if you need money, steal.

I followed Tony's advice and took up stealing - store robberies for example - for a few years. When I was twenty, I got married, got a legitimate job at the Safeway on 116th Street and Park Avenue, and started a family. During this time I stayed in contact, on an occasional basis, with Fat Tony.

Six or seven years later - around 1958 - Fat Tony came to me and asked me if I wanted to work for him in a numbers office.

I said yes and stayed with Fat Tony for the next twenty-five years. In the end, Fat Tony had become, in many ways, like a father to me.

In 1986, the federal government charged Tony, myself and 14 other amico nostra for, among other things, racketeering, extortion, and conspiracy. Tony and the others are now in trial on those charges in New York City. Shortly after the indictment was returned, I began cooperating with the FBI and the US Attorney's office. I agreed to, and did, wear a wire for the FBI for five months in New York City. In October, 1987, for a number of reasons, including concern for my family, I informed the prosecutor's office that I no longer wished to cooperate, and was placed in custody to await trial. I am providing this statement independently of any agreement with the U.S. Attorney's office. My case, and all the charges against me, remain pending. I have not been given any immunity by the federal government or by this Subcommittee.

In 1974 I got "straightened out" - in other words, I became a "made" member of the Genovese family or "brugad", a true amico nostra. This is not something that you ask for - it is something that you are offered by the family, if they feel you are worthy. A family must first send your full name and nickname to all the other families in New York-except the Bonannos, who are no longer

formally recognized because of their role in the junk business. This takes about a month and is done to check you out, to see if you had done anything wrong, as far as the Families are concerned.

Prior to the late 1970's the membership rolls or "books" of La Cosa Nostra were "closed" the majority of the time. When the "books" are closed, an LCN family cannot make any new members. This "closing" of the "books" troubled many bosses as it affected their ability to add or replace members of their families. In the late 1970's, the Commission changed the rules of membership. A regime or crew had to have at least eight members and a family was allowed to replenish that regime when a member died.

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Our family or "brugad" has approximately 400 members, with a definite hierarchy: a boss, an underboss, and a consigliere, followed by 14 caporegimes. Beneath the caporegimes are the soldiers.

The boss of the Genovese family is Vincent Gigante, also known as "Chin"; Bobby Manna (Louis Manna) is the consigliere. Until his death in April, 1987, Sammy Santora was the underboss of our brugad.

Beginning in the early 1980's, Fat Tony Salerno was generally recognized on the streets as the boss of the Genovese family. In fact, for years Fat Tony reported back to Phillip

Lombardo, also known as Ben or Benny Squint. In the 1960's, when Vito Genovese went to jail, he turned control of our brugad over to Lombardo.

In 1972, Lombardo was the boss, "Tommy Ryan" (Thomas Eboli) was the underboss, and Fat Tony was the consigliere. Lombardo wanted to stay in the background and keep the heat off of himself, so Tommy Ryan fronted as boss of the family, while Lombardo controlled things from the background. After Ryan's death in 1972, Lombardo continued in the background while ~~Mike Miranda~~ Eli Zaccardi fronted as boss of the family.

When I was "straightened out" in 1974, Lombardo was the boss, Funzi Tieri the underboss who "fronted" as the boss, and Fat Tony the consiglieri. Again, Lombardo stayed in the background and put out Tieri as boss of the family. In 1976, ~~Eli Zaccardi~~ Fat Tony became the underboss ~~and remained in that position until 1977, when Fat Tony became the underboss~~ and Buckaloo (Antonio Ferro) the consigliere. In 1978, "Fat Dom" Alongi replaced Buckaloo as the consigliere, followed by Bobby Manna in 1980. By this time, Fat Tony fronted as boss of the family, but the real power behind the throne was Lombardo.

In 1981, Fat Tony had a stroke and was "pulled down" by Lombardo, Vincent "Chin" Gigante, Manna, and Santora. Lombardo was also in poor health and ~~also lost his power~~ retired. Gigante became the boss,

Santora the underboss, and Manna the consigliere. Gigante allowed Fat Tony to continue to front as the boss, letting the other families believe that Fat Tony still controlled our brugad. Fat Tony continued to represent the family by sitting on the Commission and in meeting representatives of the other families. In fact, Fat Tony conferred with Chin on any major matters affecting the family. Chin ~~would occasionally~~ attend a commission meeting, but preferred that Fat Tony go to these meetings.

On two occasions I took Fat Tony to Commission meetings. In May 1982, I drove Fat Tony and Vinnie DiNapoli to the Country Club Diner on Staten Island, New York. I knew that they were going to attend a Commission meeting as Fat Tony had told me so. When we arrived at the diner, we met Tommy Bilotti, a "made" guy in the Gambino brugad. Bilotti took us to a private residence on Staten Island where the Commission meeting took place.

I did not actually attend the meeting but stayed upstairs with Bilotti and three other guys that I did not recognize. Fat Tony, DiNapoli, Neil Dellacroce, Paul Castellano, "Tom Mix", "Christie Tick", "Jerry Lang", and Ralph Scopo attended the Commission meeting downstairs. Dellacroce and Castellano represented the Gambino brugad. Dellacroce was the underboss of the Gambino brugad and Castellano was the boss. "Tom Mix" (Salvatore Santoro) was the underboss and "Christy Tick" (Christopher Furnari) was the consigliere of the Lucchese brugad.

"Jerry Lang" (Gennaro Langella) was the underboss of the Colombo brugad and Ralph Scopo was a Colombo soldier. After an hour and a half or so, the meeting broke up and we left. Later, Fat Tony told me that this meeting concerned the construction industry.

About a week later, I again drove Fat Tony to the Country Club Diner. We met a member of the Gambino brugad who drove Fat Tony to the Commission meeting. I stayed at the diner. Later, Fat Tony told me that he had been taken to the same house we had been at the week before. He told me that this Commission meeting also concerned construction.

Another Commission meeting which I did not attend, but which Fat Tony told me about, took place at Bari's, a pizza equipment store near Houston Street in lower Manhattan. Fat Tony, "Tony Ducks", and "Tom Mix" traveled to the meeting together. "Tony Ducks" (Anthony Corallo) was the boss of the Lucchese brugad. Fat Tony told me that Vince Gigante, Paul Castellano, "Baldy Dom", "Donny Shacks", "Jerry Lang", and Joe N. Gallo attended this meeting. "Donny Shacks" (Dominick Montemarano) is a capo in the Colombo brugad. "Baldy Dom" (Dominick Cantarino) is a capo in the Genovese brugad. Joe N. Gallo was the consiglieri in the Gambino brugad. He told me that the meeting was cut short because "Baldy Dom" thought he saw an FBI agent outside of Bari's and felt that they had been seen. Everybody at the meeting "escaped" out a back window. Fat Tony got stuck going out the

window, and Gigante and "Donny Shacks" had to push him through the window. When I saw him later back at 116th Street, he was still out of breath over his "escape".

In 1984, about six months before Fat Tony got pinched for the "Commission case", Paul Castellano, boss of the Gambino family, attempted through Funzi Mosca, a soldier in the Gambino brugad, to get Fat Tony to go together with the Gambino brugad on the purchase of a concrete plant in New Jersey. Fat Tony told Mosca to tell Castellano that he, Fat Tony, was "out" and could not make that decision and that Castellano would have to see Gigante. For the first time, the other bosses were told that Gigante was the boss of the Genovese brugad.

I remember the day I became a member of the Genovese family. Tony Salerno had told me and Patty Jerome to meet him and Buckaloo at a parking lot on Canal Street at 7 a.m. one morning. When we arrived, we met Buckaloo (Antonio Ferro). Buckaloo told Patty Jerome to take a "walk" as he, Buckaloo, had to take me somewhere. I later learned that Patty Jerome was also "straightened out" that day. He took me to the El Cortile Restaurant on Mulberry Street, where Buckaloo and I went downstairs to meet with Funzi Tieri, the brugad's underboss, and Fat Tony, who at that time was the consigliere. At first, I wasn't positive why we were there - but I knew for sure when I saw a gun, a knife, a pin, alcohol and tissue laying out on the

table. Funzi asked me if I knew why I was there; I said no. Funzi asked me if I wanted to become a member of the family - he said I could accept or not accept, and there would be no hard feelings. But he also said "once you accept, you belong to us - we come first, your family and home comes second. We come first, no matter what." I accepted.

Funzi then showed me the gun and the knife and said "This is the gun and the knife, you live with the gun and die by the knife." He told me that Fat Tony had sponsored me, and gave me a piece of paper to let burn in my hand while I took the oath: "If I betray the Cosa Nostra, I shall burn like this paper". He then pricked my trigger finger with the pin and told me "Now you are amico nostra, you have just been born over again - now you are a man, you belong to us." Funzi told me that I would be assigned to Buckaloo's regime. I knew this to mean that Buckaloo would be my caporegime.

From that point on, I was amico nostra, a soldier in the Genovese family, the most powerful mob family or "brugad" in New York City, and, for that matter, in the United States. Over the years, I was offered the chance to become a "caporegime" in the family, but I turned it down: I had respect, I was making good money, and I didn't need the added responsibility of running a "regime" or crew. Besides, I was Fat Tony Salerno's right-hand

man - I never needed to go to a capo to settle a "beef" - I could go right to Tony for that.

There were certain rules that all amico nostra lived by: no fooling around with another amico nostra's wife; no "junk"; no dealing with pornography or government bonds; and never talking about "this thing" to anyone but another amico nostra. We were a very disciplined organization: a soldier had to check in at least once a week with his capo. A soldier could not make a "score", meaning any illegal business, without the approval of his capo. If he wanted to, a capo could demand 10% of profits made by his soldiers on a "score". A soldier could not even carry a gun without first getting approval from his capo. Most important, we knew never to ask questions about another amico nostra's business unless it was also our business.

La Cosa Nostra enforces its rules through murder. So, we even had rules about who could or could not be murdered - or, as we say on the street, clipped, whacked, or "hurt". First of all, killings were mandatory for certain offenses: messing around with another amico nostra's wife or family; dealing in "junk"; "ratting"; refusing to go on a hit if asked; knowingly killing a cop or other law enforcement agent. Also, if someone you sponsored "ratted", you would be killed as being responsible for his actions.

No killing or "hit" could take place without the approval of the hierarchy of your family. The first step in getting that approval was to take your "beef" to your capo, who, in turn, gets approval for the hit from the consiglieri and the underboss. Ultimately, no hit could go down without the approval of the boss. If the boss okays the hit, the capo assigns it to you to be carried out. You decide who, if anyone, from your own regime, will help you do the job.

If the hit is against a member of another family, your boss will take the beef to the boss of that family. If he agrees, members of that family will carry out the hit. If he disagrees, and the hit takes place anyway, a "war" may result.

When a "hit" does take place, other amico nostra usually do not know who committed the murder or how the murder was committed. Sometimes, our best source of information is the newspapers. Unless you are directly involved, it is not your business, so you do not ask questions. On at least three occasions, I overheard, conversations regarding plans to eliminate individuals who eventually wound up murdered or missing.

In August 1982, I was standing on the corner of 116th Street in New York City with Sammy Santora and Philly Buono. Santora was the underboss of my brugad, and Buono was a soldier at that time. Buono pulled a piece of paper out of his pocket that

was about Billy Masselli's kid, Nat, whom Buono described as "no good, he's a rat". Buono gave Santora the paper, and Santora read it. Santora then asked Buono, "Could this kid hurt you?" Buono responded, "Yeah, we done a few things together." Santora told Buono, "I'll take care of it - I've got to see the skinny guy and 'The Chin'." I know the skinny guy to be Bobby Manna, the consigliere of our brugad, and "The Chin" to be Vincent Gigante, the boss of our brugad. Santora told Buono he would get back to him the next day.

Having heard their conversation, I knew that Buono was asking for an "okay" or permission to kill Billy Masselli's kid. A soldier always needs permission for a hit from the boss, underboss, and consigliere of his brugad. He usually receives that permission through his caporegime - at the time, Santora was both the underboss of our brugad and the caporegime of the 116th Street Crew.

The next day, I saw Santora again on 116th Street. I asked him, "How did you make out? Did you see those guys?" Santora replied, "Yeah, I got the okay. I gotta go see Philly and tell him he can do what he wants with the kid." To me, this meant that Santora had obtained approval for the murder of Masselli's kid from the boss, Chin Gigante, and consigliere Bobby Manna. A few days later, I read about the murder of Nat Masselli in the newspaper.

In early 1982, I was standing on the corner of 115th Street and First Avenue in New York City. Vinnie DiNapoli came up to me, and, during the course of our conversation, DiNapoli said, "I'm afraid of this guy Maritas, I'm worried about him. ~~I need to get rid of him, I need to get an 'okay' from Sonny,~~ meaning underboss Sammy Santoro. I told DiNapoli, "What are you telling me for? Go see Sammy, and see what he tells you."

Vinnie DiNapoli is a soldier in our brugad. In fact, I sponsored him into the LCN. DiNapoli controls the District Council of Carpenters and at the time of our conversation had been charged with labor racketeering violations. Teddy Maritas was an official in the District Council of Carpenters and an associate of Vinnie DiNapoli. A short time after my conversation with DiNapoli, Teddy Maritas disappeared, and as far as I know has not been heard from since.

In March 1980, shortly after Angelo Bruno, the boss of the Philadelphia LCN family, was murdered, Fat Tony Salerno received a visit from a Philadelphia LCN member called "Chicken" (Phillip Testa), at the Palma Boys Social Club in East Harlem. Also present at the meeting was Paul Castellano and Tony "Ducks" Corallo. After "Chicken's" visit, Tony told me that "Chicken" believed that an individual named "Tony Bananas" (Antonio Caponigro) was responsible for the murder of Bruno. I knew after

this meeting and from what Fat Tony had told me that there was a power struggle going on in the Philadelphia family and that the New York bosses were concerned about this struggle and the fact that an LCN boss was publicly assassinated. LCN protocol does not allow the public assassination of a boss. I also understood that the New York families had not sanctioned Bruno's murder. The bosses vowed to determine who had killed Bruno. Later that same day, Tony Bananas visited Salerno, Castellano and Corallo at the Palma Boys social club. They questioned "Bananas" about the "power struggle" going on in Philadelphia and who was responsible for Brunos murder. Approximately one week later, "Chicken" returned to East Harlem to visit Salerno at the Palma Boys Social Club and Salerno introduced me to him. Later, Tony told me that "Chicken" definitely believed that "Tony Bananas" was responsible for the murder of Bruno.

In April 1980, "Tony Bananas" visited Tony Salerno, at the Palma Boys Social Club. After this visit, Tony told me that he had advised "Tony Bananas" to go see "The Chin" because he did not want to get involved in Philadelphia's problems. Fat Tony thought that the matter was a Philadelphia problem and passed the problem off to "The Chin". At the time, the acting boss was (underboss) Funzi Tieri, with Lombardo, the real power behind the scene, and Manna, the consigliere. A short time later, "Tony Bananas" and another guy were found murdered in the Bronx. In mid-April 1980, Salerno told me, "It's a good thing I did not get involved with this Tony Bananas thing and I sent him to the Chin. He had an appointment

with The Chin, Baldy Dom (Dominick Cantarino) picked him and the other guy up at the Diamond Exchange on 47th Street or 48th VC (New York, New York), and they banged him out."

In order for the "Tony Bananas" hit to be carried out, the hierarchy of my brugad, specifically Lombardo, Bobby Manna, and Funzi Tieri, must have "okayed" the hit. From what Fat Tony told me, I believe that Baldy Dom's crew had committed the murders.

This was a strange situation as New York got involved in the internal problems of another city's family. To the best of my knowledge, no other New York family disputed the Tony "Bananas" hit. In my opinion, this meant that the other families also sanctioned the hit.

As for me, I was never asked to carry out a hit - I never had to kill anyone. This was because Fat Tony always looked out for me - it was like a father-son relationship and he would never subject me to that. However, I knew that if I was ever asked, I would have to kill or be killed.

What I did do for our family was run the numbers business in West Harlem, from about 110th to 153rd Streets. I had about seventy-two controllers working under me. We had plenty of willing customers - we paid six to one - the New York lottery only paid five to one. At my peak, I was grossing $80,000 per day,

with a net of about $65,000 per day before payouts. I had some bad years, but in a good year I could make as much as $2 million or more. Whatever money I took, I split fifty-fifty with Fat Tony. Later I expanded my businesses from numbers into sports betting.

When I first got into the gambling business, the first people that tried to "shake" me down were Joe Cago and Joey Pagano. I think that you know Cago better as Joe Valachi, who testified before the Permanent Subcommittee on Investigations in 1963.

I was running a poker game and Valachi and Pagano wanted to become my partners. I told them that I would think about it. I went and told Fat Tony what was going on. Fat Tony told me to close the game and move it somewhere else. So that is what I did. Later I saw Valachi and he told me that I should have told him that I was "with" Fat Tony.

I wasn't the only numbers bank in West Harlem. There were several black and Cuban-run banks in the areas - there were probably five hundred controllers total operating in Harlem.

To keep the peace and insure money for everyone, we enforced the "two-block" rule. The rule required that once a number spot or controller was established, no one else could operate within a two-block radius of that spot.

On several occasions, the two-block rule was tested. At least twice I recall instances where Cuban guys opened up within my two-block area. On each occasion, I had a sit-down with Miguel Battle. Battle, along with Humberto Davila, ran the two biggest Cuban numbers operations in New York City. On each occasion, the Cuban spot was shut down and peace maintained.

On another occasion, a black numbers operation opened up in violation of the two-block rule. When the black operators refused to honor the two-block rule and close the shop, I sent a couple of my guys over to break their shop up and put them out of business.

My family made a lot of money from gambling and the numbers rackets. We got our money from gambling, but our real power, our real strength, came from the unions.

With the unions behind us, we could shut down the city, or the country for that matter, if we needed to to get our way.

Our brugad controlled a number of different unions, some of which I personally dealt with, some of which I knew about from other amico nostra. In some cases, we got money from our dealings with the unions, in some cases we got favors such as jobs for friends and relatives - but, most importantly, in all cases, we got power over every businessman in New York. With the unions

behind us, we could make or break the construction industry, the garment business, the docks, to name but a few.

For example, Bobby Rao (Robert Rao) was a union official with a local of the Hotel Workers and Bartenders Union (Hotel, Restaurant Employees, AFL-CIO Production, Service and Sales District Council). Bobby and his union belonged to our brugad. Every month Bobby would bring over anywhere from $1,000 to $2,000 for me to give to Fat Tony. I'd take the money from Bobby, and then hand it over to Fat Tony, usually taking a cut for myself, at Fat Tony's suggestion. At Christmas, Bobby would bring over around $25,000 for me to give to Fat Tony. Fat Tony would tell me how to split the money up - half or $12,500 to Ben Lombardo, who, at the time was the boss of our family behind Tony; another $6,500 to Tony Provenzano, or Tony "Pro", a family member who controlled Teamsters Local 560; and the remainder to be split between Fat Tony and myself. I knew that the money that Bobby Rao delivered was money that he skimmed from union funds, including union dental and medical plans - I knew this because Bobby himself told me so.

I also got union money from "Speed" or Charlie Salerno, who was Fat Tony's brother. Speed was connected to Local 272 of the Garage and Parking Attendants Union. Every month Speed would bring $1,000 to $2,000 by the club for me and Fat Tony - we would split it. Speed told me that these were "shakedown" funds - funds

kicked back to him by the dentist who got the union dental plan business.

We - Fat Tony and I - also got some money, but not much, from Joe Zucco, who controlled the Local of the Ambulance Drivers. Joe would bring the money - at first around $1,000 to $1,500 - for me and Tony. It got to the point where we were getting very little money from that particular union. We talked about getting rid of the union, but decided we shouldn't even though no money was coming in - we didn't want to chance another family taking over in case the time would come where we needed the power behind that union.

Other members of our brugad also made money - sometimes large amounts - from their control of various unions. Everyone on the street knew that Tony Pro ran Teamsters Local 560. Tony Pro used to get around $3,000 per month from Walsh Trucking Company, an outfit that operated out of New Jersey - I knew that because at one point Matty Ianello, or Matty the Horse, as we called him - a capo in our family - came to Fat Tony with a "beef" regarding that money. At the time, Tony Pro was in prison, but Matty complained that Eli Zaccardia's son, Carmine, was keeping the $3,000 monthly payment for himself instead of delivering it as he should for Tony Pro. The "beef" went to Fat Tony and Ben for settlement - in the end, the money was delivered monthly to Fat Tony, on behalf of Tony Pro.

I got union money from our family's union connections in the garment center. Every month Arthur Raccomante, who ran a trucking business in the garment center, would deliver $8,000 to $9,000. Again, half would go to Ben, a quarter to Fat Tony, and the remaining quarter to me.

I had the convention center operations for our brugad. I used those unions to get jobs for friends and have influence when we needed it. If I needed something done - a job or some other favor - I would call Jimmy Angelino, a wise guy with the Columbo family. Angellino worked at the Convention Center and ran things for the families. Several different types of unions were important to keep operations going at the convention center and each of those unions answered to one of the families. For example, THE BONNANO brugad CONTROLLED the loading dock, VC AND my brugad CONTROLLED the CARPENTERS AND the EXPO's (Laborers).

Our family controlled the majority of business on the waterfront, through our control of the International Longshoremen's Association, or ILA. For a long time, Doug Rago and George Barone, both soldiers in our family, controlled the ILA and its president, Teddy Gleason. Whatever Rago or Barone wanted, they could get, either through Gleason or some other lesser ILA official, like Thomas Buzzanca. In the late 1970s, the FBI and the Justice Department did a major investigation of the ILA. Many ILA leaders and family members were convicted and sent to jail, including George Barone, Thomas Buzzanca, Michael Clemente, a soldier in our family, and Anthony Scotto, a Gambino capo who controlled the Brooklyn docks.

But all of that really changed nothing on the docks in the long run. In October 1986, Sammy Santora, then the underboss of our family, told me that Doug Rago was still bringing in anywhere from $400,000 to $500,000 per year from his control of the ILA. In fact, Santora said, Rago wanted to retire and the family was looking for someone to take over control of the ILA from Rago. In short, despite all the prosecutions, our control of the waterfront was firmer than ever.

Aside from the waterfront, another major source of power for our brugad was the mob's control of the concrete industry and the construction unions through the concrete club.

Nicky Auletta, owner of S & A Concrete, a high-rise concrete construction business, knew Fat Tony through his father-in-law, Jimmy the Clinker. Jimmy the Clinker was from 118th Street and used to turn his numbers in to Fat Tony. Fat Tony and Paul Castellano became partners with Auletta in S & A concrete. Auletta provided the business; Salerno and Castellano put up no money, but, more importantly, provided Auletta with their control and influence of the construction unions.

Through S & A Concrete, the Genovese and Gambino families took over the high-rise construction business of DIC Concrete. DIC had gone out of business when Joe DePaola, owner of DIC Concrete, refused a partnership with Paul Castellano's son-in-law. In order to avoid doing business with Castellano, DePaulo went out of business.

~~About the same time,~~ Bif Halloran, owner of Transit Mix, ~~took over~~ Certified Concrete, ~~DIC's concrete plant.~~ Castellano controlled Halloran and others like him because Castellano controlled Local 282 of the Teamsters Union. All of the concrete drivers belonged to Local 282.

Fat Tony, Vinnie DiNapoli, and some attorneys opened up Big Apple Concrete, a concrete plant that competed directly with Transit Mix and Certified. Fat Tony and DiNapoli did not put up any money to start Big Apple; again, all they provided was their

influence with the unions. When Castellano objected to the competition, Fat Tony and Vinnie agreed to sell Big Apple to Halloran.

Prior to this, there had been an agreement that only Halloran could deliver concrete to construction sites in Manhattan. Fat Tony and Castellano used their influence to insure that contractors bought all of their concrete from Halloran. In return, for every sale arranged by Fat Tony and Castellano, they got back from Halloran $1.00 per yard of concrete poured. This dollar per yard was split, fifty-fifty, between Fat Tony and Castellano. I know this, because Fat Tony told me about the agreement that he, Castellano, and Halloran had. Castellano used to send $15,000 a month to Fat Tony as his "cut" of the concrete money from Halloran. Vinnie DiNapoli used to keep tabs on the amount of concrete that Halloran was pouring and would figure out the amount Halloran owed Fat Tony and Castellano.

During the same time, "Junior" Persico, the boss of the Colombo brugad and "Tony Ducks" Corallo, the boss of the Lucchese brugad, raised a "beef" about Halloran being the only one allowed to deliver concrete in Manhattan. Both of them had connections with concrete plants and wanted to get a piece of Manhattan. Persico gets $3.00 to $4.00 a yard from Ferrara Brothers, Ozone Park, Queens, New York, for concrete sales obtained for them by Junior. Fat Tony and Castellano told them that Halloran was with

them and, given the strength of their families, were able to keep Persico and Corallo out of Manhattan.

This worked well until a "beef" arose between Castellano and Halloran. Castellano was also with Scara Mix, a concrete company in Staten Island, New York, owned by Tommy Bilotti and Castellano's son. Castellano borrowed about 14 concrete mixer trucks from Halloran to be used by Scara Mix. When the trucks were returned, they were damaged and in need of repair. Halloran wanted $400,000 from Castellano to pay for the damages. When Castellano refused to pay, Halloran stopped paying Fat Tony and Castellano their $1.00 a yard. At the time that Fat Tony and I were pinched, Fat Tony had not received any money from Halloran for about two years. Castellano was also getting $2.00 to $3.00 a yard from Scaccia Concrete.

Nobody bothered Halloran over his non-payment because Castellano asked us to leave Halloran alone. Castellano was afraid that Halloran would "turn". Neil Migliore, a member of the Lucchese brugad, also asked us not to go after Halloran because Halloran owed Neil about $12-million. Halloran was selling the Taft Hotel, the Halloran House, and a parking lot on 48th Street, near Lexington Avenue to pay off his debts.

When Halloran stopped payments to Fat Tony and Castellano, other concrete companies were allowed into Manhattan. Vinnie

DiNapoli came up with a plan for a "2% Club" consisting of high-rise concrete construction contractors. The club was designed to split up jobs among concrete contractors who were with the different brugads in New York City. The Genovese, Gambino, Lucchese, and Colombo brugads ran the club. The Bonanno brugad was not allowed to participate as they weren't recognized in the other families due to their drug involvement. Each family had a "made" guy who knew the construction business as its representative on the club. Vinnie DiNapoli represented the Genovese brugad. After he got convicted and was sent away, my cousin, Carmine Della Cava, and Louis DiNapoli were the Genovese representatives. "Funzi" Mosca represented the Gambino brugad; Neil Migliore represented the Lucchese brugad; and Ralph Scopo represented the Colombo brugad. Mosca and Della Cava were also partners in Glenwood Concrete. Scopo was a union official who controlled laborers at the construction sites, and Neil was in the tile, marble, and crushed stone business. These individuals ran the club, but any "beefs" were settled by the bosses of the families.

The members of the club used to read the Dodge Reports. The Dodge Report is a construction trade publication that lists the upcoming jobs. The club members split up all of the jobs over $2 million. S & A Concrete got all of the jobs over $5 million. After a while, the smaller contractors who were not members of the club started beefing because there were not enough jobs under

$2 million to go around. I know this because the club members used to come to me and tell me about the beefs. I told them that I would talk to Fat Tony. As a result of the beefs, the $2 million rule was raised to $3 million. Anything over $5 million still went to S & A Concrete.

A club contractor that was given a job had to pay the club two percent of the contract price. This two percent was split among the four brugads. Vinnie DiNapoli used to collect the two points from Auletta. As I stated earlier, after Vinnie went to jail, Della Cava or Louis DiNapoli would collect the money. As of late 1987, Auletta was still paying Fat Tony $12,500 per week. Auletta is paying off debts to Tony that came about through the club's activity.

I know that the following concrete companies were members of the club: S & A Concrete, G & G, XLO, Cedar Park, Century Maxim, Glenwood, Technical, and Northberry. Toward the end of the club, Metro Concrete was also a member.

Fat Tony and Castellano were behind S & A Concrete. Vinnie DiNapoli also had influence with Cedar Park. "Funzi" Mosca, who represented Castellano, also stood behind S & A Concrete as well as G & G Concrete, as G & G was with Castellano. Scopo would argue for XLO, Technical, and Century Maxim, since these companies were with the Colombo brugad. Neil Migliore

represented Northberry Concrete, who was with the Lucchese brugad. The family representatives would get jobs for "their" companies, as well as collect the two points per job from the companies. The two points would then be divided among the four brugads.

I have reviewed charts of the five New York families which have been shown to me by the Subcommittee staff. I have identified for the Subcommittee staff many of those individuals who I know, either personally or through amico nostra, including the five individuals listed as the current bosses of the New York families: Vincente "Chin" Gigante of the Genovese family; John Gotti of the Gambino family; Victor Amuso of the Lucchese family; Philip Rastelli of the Bonanno family; and Carmine Persico of the Colombo family.

I have already related some of my knowledge of Vincent "Chin" Gigante, including the fact that he took over control of the Genovese family from Fat Tony Salerno in 1981. I was present at New York University Hospital, where Salerno was recovering from a stroke, when he was visited by Gigante, then capo Sammy Santora, and then consigliere Bobby Manna. Lombardo was also ill at the time and checked himself into University Hospital. Salerno later told me that during that meeting it was decided that Salerno, as well as Lombardo, should henceforth defer to Gigante as boss of the family. Chin told me that my main job was to look after the "old man", meaning Tony. He told me to make sure that Tony got

some rest and to look after any "personal" business that Fat Tony had pending. Chin also told me not to discuss Tony's "pull down" with other members of the brugad.

After leaving the hospital Salerno went to his farm in upstate New York. He told me of his desire to come back to the city and asked that I go see Gigante about it. I spoke to Gigante and told him of Salerno's desire to return. Gigante told me Salerno could return after a few months but added that if Salerno was approached about anything "serious" on his return, "I want to know about it".

From that point on, I knew that Gigante was the boss of our family. I've already stated how underboss Sammy Santora sought Gigante's approval, as the boss, for at least two murders that I know of and how Tony Salerno told me of Gigante's involvement in a third.

As boss of the family, Gigante ultimately controls any of the family's deals or scores. There are some areas that I know are directly his. He controls all numbers operations in the area from Sullivan Street up to 14th Street. He runs the St. Anthony Feast, a street festival held annually in Lower Manhattan. When "Tommy Ryan" (Thomas Eboli) was killed, Gigante took the book on his shylock business - since that time that money has gone to Gigante's crew. Gigante also has been partners with Morris Levy

of Roulette Records for years, although I do not know the details of their relationship.

I also know that Gigante and John Gotti, as heir to Paul Castellano and the Gambino family, both pushed Nick Auletta for a cut of the profits from the sale of the Bankers and Brokers building, as a result of promises made when Auletta first bought the building.

To the outside world, Gigante is known for his sometimes bizarre and crazy behavior. In truth, he is a shrewd and experienced family member, who has risen through the ranks from soldier to capo to boss. His strange behavior, suggesting to the outside world that he is crazy, helps to further insulate him from the authorities. In the meantime, his control of the family's activities is as strong and as calculated as ever.

I know John Gotti as the boss of the Gambino family. Gotti occupied the cell next to me at the MCC (Metropolitan Correctional Center) in New York City when I was being held on the charges in the Salerno indictment. I used to chat with Gotti and sometimes eat with him and Carmine Persico, boss of the Colombo family, who was also being held there. At the time I was having a dispute with Fat Tony over some money I owed him, and Gotti used to tell Fat Tony to take it easy with me.

Approximately four years ago, I drove Fat Tony to a meeting at the Beverly Hotel, 50th Street and Lexington Avenue in New York City. Paul Castellano, Tommy Bilotti, Nick Auletta, Fat Tony and I attended this meeting. Fat Tony was representing Auletta. Auletta wanted to purchase the Bankers and Brokers Restaurant building, located on the Westside Highway in lower Manhattan, from Castellano. Auletta wanted the property so that he could build a high-rise building on the property. As a result of this meeting, Castellano agreed to sell the Bankers and Brokers building to Auletta for approximately $4.5 million. Fat Tony later told Auletta that if he, Auletta, resold the property without building a high-rise, half of the profit made on the sale of the building would be his. Tony claimed this profit on any resale as he had represented Auletta at the sale. If a high-rise building would have been built, Fat Tony and Castellano could have made their profit through the concrete "club" and their control of the construction of the building.

In October 1986, I had a meeting with Sammy Santora at 1527 Kenilworth Place, the Bronx in New York. Santora told me that Auletta had sold the Bankers and Brokers building and that "Chin" Gigante was claiming $3 million in profits from the sale from Auletta. Santora also stated that John Gotti was claiming a portion of the profit. Gotti was claiming Castellano's portion. Santora asked me to attend a sitdown with himself, Auletta, Vinnie DiNapoli and Louie DiNapoli regarding Chin's claim.

Later that month, I attended a sitdown at the office of Robert Ellis, 900 Third Avenue, New York City. Santora, Vinnie DiNapoli, Louis DiNapoli, an individual known as "Barney" to me, and myself attended. Among the "beefs" discussed was the Bankers and Brokers building. It was agreed that Auletta made approximately $300,000 profit on his resale of the Bankers and Brokers building. At that time, Santora decided that Auletta would repay S erno, through "Speed" Salerno, $12,500 a week until the debt was paid. Santora allowed Auletta to deduct $900,000 from the $3 million debt owed to him by Salerno from the Glen Island Casino construction project. Auletta could also deduct $750,000 that was already given to Fat Tony through Louie DiNapoli.

The money was owed to Fat Tony, so "Chin" did not have a legitimate claim to it. It was decided that Gotti had no legitimate claim to any portion of the money as Castellano was never promised a share of the profits.

I should point out to you that the reason we held this "sitdown" at Ellis's office was due to the fact that Ellis is an attorney and we could use his office and discuss "family" business without worrying about being "bugged" by law enforcement. The DiNapolis, Auletta and I were also codefendants in an upcoming trial and we could only meet each other with our attorneys present

to discuss legal strategy. Otherwise, we would face bail revocation. Sammy had the attorneys contacted and they arranged the meeting for us. The attorneys were not allowed to sit in on our meeting when we discussed our family business.

While I was in the MCC, "the Commission" case was being tried. During the opening statement, "~~Tony Ducks~~", ~~Corallo's~~ attorney, admitted that there was a Commission and an LCN. Gotti became upset when he heard this, saying that admitting that there was an LCN and an LCN Commission was a mistake and that such an admission would hurt all LCN members in any future trials. Carallo, Persico, Gotti and other LCN members argued over this legal admission and it resulted in a lot of bad blood between them.

As the new boss of the Gambino family, Gotti was entitled to all the business and money that used to go to Paul Castellano. For example, I remember Gotti asking me if I knew how much money Castellano had been getting kicked back every month from ~~Scelso~~ Concrete Company. I didn't know, but told Gotti he should contact Funzi Mosca, who, as the Gambino representative in the "Concrete Club", would be able to give him the answer.

I also know Vic Amuso, who succeeded Buddy Luongo (Anthony Luongo) as boss of the Lucchese family. I remember discussing Luongo and Amuso with "Ralph the General" (Ralph Tutino), a

Lucchese associate who was recently convicted in New York on federal drug charges. In December 1986, Ralph told me "Buddy's missing - he had an appointment in Brooklyn with Little Vic (meaning Amuso) and he never came back." A few days later, Ralph told me that Eddie Coco, "Mac" (Mariano Macaluso), and Vic Amuso were now running things for the Lucchese family. Luongo was never heard from again. Sammy Santora later told me that Luongo had been murdered and that he believed that "the guy from Brooklyn" was responsible. I know "the guy from Brooklyn" to be "Little Vic" (Victor Amuso), the then consigliere of the Lucchese family. Amuso's mentor was "Christy Tick", who was and still is in prison, who backed Amuso in his bid for power. Eddie Coco is the power behind Amuso. Even though Amuso is boss, he takes counsel from Eddie Coco.

At times, I had the opportunity to meet high-ranking members of families from other parts of the country. For example, on three or four occasions, Fat Tony met Angelo Lonardo and/or Maishe Rockman at 116th Street in New York City. Lonardo was the underboss of the Cleveland family and Rockman was Lonardo's brother-in-law. I would usually take Rockman and Lonardo to see Fat Tony and would only sit down with them if Tony invited me to stay. It wasn't my business, so I had no right to stay.

On one occasion, Fat Tony was in a meeting with Lonardo and Rockman and he called me into the meeting and asked me to get Roy Cohn on the telephone. I called Cohn and gave the phone to Tony. Tony told Cohn that he had some friends that were trying to get the Cleveland Plain Dealer to retract a news story that had claimed that Jackie Presser was a "rat". Tony asked Cohn if he knew anybody on the Plain Dealer. Cohn told Tony that he knew the owner of the Plain Dealer very well. Tony told Cohn that he would come by and see him in a day or two.

Several days later, I drove Tony to Cohn's office. I walked around Cohn's office while Tony talked to Cohn about getting the Plain Dealer to print a retraction. After about 20 or 30 minutes, Tony and I left. Tony told me that Cohn would get a retraction from the Plain Dealer on the Presser article.

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I have read, reviewed, and initialed each page of this statement consisting of thirty-three (33) pages, and I swear, to the best of my knowledge and belief, that the statements contained herein are true and correct.

Vincent Cafaro
Vincent Cafaro

Sworn to and subscribed before me
this 8th day of April 1988.
Mary K Grabowski
Notary Public

My commission expires 9/2/88

MARY K. GRABOWSKI
NOTARY PUBLIC, STATE OF NEW YORK
QUALIFIED IN ONANDAGA COUNTY
MY TERM EXPIRES SEPTEMBER 2, 1988
REG. NO. 4864279

STATEMENT OF
NEW YORK CITY POLICE DEPARTMENT

EXHIBIT NO. 39

CAPTAIN VINCENT PAROLISI
COORDINDATOR FOR CRIMINAL & PUBLIC SECURITY
INTELLIGENCE DIVISION

BEFORE THE

U.S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

HEARINGS ON

ORGANIZED CRIME: 25 YEARS AFTER VALACHI

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Centlemen, my name is Captain Vincent Parolisi. I am the Coordindator for Criminal and Public Security, Intelligence Division, New York City Police Department. On behalf of my Department, I would like to thank the Subcommittee for allowing us the opportunity to express our views on organized crime.

These remarks will address several topics, namely:

I A History of Organized Crime in New York City

II A History of the New York Police Department's Efforts versus Organized Crime

III A Description of this Department's Organized Crime Investigations Division, as One Excellent Example of Federal/Local Cooperation

IV Some Ideas for the Future

V Some Conclusions and Recommendations

We also, at this time, submit to the Subcommittee our listing of the individuals comprising the hierarchy of the Traditional Organized Crime Networks operating in New York City (Appendix A).

## I. A BRIEF HISTORY OF ORGANIZED CRIME IN NEW YORK CITY

In the New York City area prior to 1930, there was no organized crime syndicate, as we know it today. However, there were several independent criminal groups which worked within the City.

History reflects that as early as 1915, there were two major organized factions that were in operation. They have been

identified as the Sicilian Mafia and the Neapolitan Camorra. By the early part of 1930, these factions had settled into four organized crime groups in the New York City area. Around this period, a lengthy conflict erupted among these groups. This conflict has become known as the Castellammarese War.

With the murder of Giuseppe Masseria on April 20, 1931, peace within these organized crime groups was established.

Salvatore Maranzano, the boss of one of these groups, held a meeting with representatives of the other three. At this meeting, he conferred upon himself the title, "Boss of Bosses." Each of these groups was to be headed by a Boss, followed by his Chief Assistant, who was to be known as the Underboss; next in line were the Caporegime, or Lieutenants, followed by the workers, whom he called Soldiers. A complete chain of command was established within each of these groups.

A short time later, Salvatore Maranzano, fearful of various members of these groups, plotted to have them murdered. Maranzano hired Girolamo Santuccio to carry out these murders. However, Santuccio notified his intended victims. On September 10, 1931, Maranzano was murdered by four gunmen on the orders of Charles "Lucky" Luciano.

After the murder of Maranzano, Charles Luciano promptly initiated some reforms within the organization. He abolished the title and position of "Boss of Bosses" and ordered that a new position be created which would be called a Consigliere, Counselor, and be assigned to each group. The Consigliere's job was to protect the rights of the Soldiers and to decide on issues that would affect the group as a whole. With these reforms, the structure of the organized crime groups was set into a pattern which continues to date. Luciano decided to divide the Maranzo organization into two separate groups, each with its own boss, thus bringing the total of traditional organized crime groups to five. A genealogy study of these five organized crime groups indicates that each group has survived from 1930 until the present. The only changes being the names of the hierarchy and its members. These networks continue today as the following New York crime families:

Bonanno
Colombo
Gambino
Genovese
Luchese

## II. NEW YORK POLICE DEPARTMENT EFFORTS VERSUS ORGANIZED CRIME

Eighty-three years ago, long before today's age of law enforcement cooperation and perhaps half a century before the Federal Government turned its attention to organized crime problems, New York City began its efforts. In 1904, the "Italian

Squad" was founded, and its guiding light was Lt. Joseph Petrosino. Through three police commissioners, including later-President Theodore Roosevelt, Petrosino, an immigrant himself, a man of humble origins but a man who embodied the resourcefulness and ingenuity of the New York City Detective, fought a relentless battle against the criminal elements terrorizing his fellow immigrants.

In 1909, he gave his life for his beliefs, when he was killed in Palermo while investigating links between the Sicilian Mafia and New York criminals. To this day, Joseph Petrosino is revered by the New York City Police Department as a primary example of dedication, bravery, and devotion to duty.

The "Italian Squad," although operating under any number of different names, continued in the New York City Police Department from those days on. In the late 1940s, a small group of detectives working from the Central Office of Bureaus and Squads, under our Chief of Detectives, amassed information on organized crime and were cited by the late Senator Kefauver's Committee as being the best example of any local police department's awareness of racketeers operating in their jurisdiction. In 1956, the Department formed the Central Investigations Bureau and formally recognized the intelligence role of the Organized Crime Investigators ordering it:

> . . . to determine if any pattern of illegal activity exists and to keep the Chief of Detectives and District Attorneys advised thereof . . . .

When the famous "Apalachin Meeting" of underworld figures took place in November, 1957, this Department was the only law enforcement agency at any level of Government with such a program in force against organized crime.

Through the 1960s, several more name changes occurred, but the main thrust of this unit remained the same. In 1970, the Intelligence Division was established, and this was accomplished with Federal LEAA funds for organization and consultants. A major segment of this Division became the Criminal Section, and this is the group that currently gathers intelligence data on all forms of organized crime in New York City. Nineteen seventy was also a landmark year, because of the formation of the "New York Joint Task Force," an entity which continues to operate successfully these 17 years later and combines the efforts of agents from the Drug Enforcement Administration, New York State Police Investigators, and New York City Police Officers in combatting the vast drug problems encountered by our city. In 1971, Federal grants allowed our Department to take Narcotic and Public Morals Units, which had been found by the Knapp Commission to be corrupt, and turn them into the organization we call today our Organized Crime Control Bureau. After many years, these units within that

Organized Crime Control Bureau are, in our estimation, the best and most ethical such units to be found anywhere in this country.

In 1975, the City was hit by the fiscal crisis, and while all the efforts previously mentioned continued, the manpower and funding for them were seriously reduced. We are only today fighting our way back to the strength levels of 13 years ago, but we are doing so quite well; and a good part of the way we are accomplishing our revitalization is through the formation of Task Forces with Federal law enforcement. The initial Task Force with the Drug Enforcement Administration continues; and bank robbery, terrorist, auto crime, child exploitation, narcotics, and organized crime task forces have been started with the Federal Bureau of Investigation. These task forces are able to utilize the local expertise of the New York City Police Department and combine it with the technical and financial resources of the Federal Government. We consider this a great step forward for law enforcement efforts against a variety of organized criminals.

At this juncture, some words must be devoted to the "Pizza Connection" case and the efforts of the New York City Police Department's Joint Organized Crime Narcotics Task Force. This unit was formed in an effort to more fully utilize the strengths of the New York Police Department and the F.B.I. A need was recognized, while both agencies were conducting independent investigations into heroin importation, to combine, coordinate, and cooperate to achieve the ultimate goal of destroying these illicit organizations. As a result of their efforts, on March 2, 1987, jury verdicts were announced in what former United States Attorney General William French Smith proclaimed as " ... the most significant case involving heroin trafficking by traditional organized crime that has ever been developed by the Government. ... Federal officials know of no other case that so clearly documents the scope of an international heroin ring. They can recall no other case that establishes so clearly the distribution of heroin within this country." There were 18 guilty verdicts.

On April 9, 1984, the arrests of the defendants marked the culmination of what was a four-year investigation coordinated by several F.B.I. agents and three to four separate investigations, conducted by both N.Y.P.D. and F.B.I. These efforts were consolidated and became known as the "Pizza Connection." This investigation is an unprecedented example of a heroin-trafficking network which made extensive use of international money-launderers and multinational banking operations from Switzerland to the Grand Cayman Islands. Further, the participants in this criminal organization were some of the most notorious, both in Sicily and in the United States. As a result of the undercover efforts and success by the F.B.I. through Special Agent Joseph Pistone, the "Sicilian" faction of the Mafia was identified. It was determined that this "Sicilian" faction was controlling heroin importation into the United States through New York. Investigations revealed a "pizza parlor" network and front for the trafficking of heroin. Further, several cities in

the Midwest, Pennsylvania, and New Jersey were identified. This network was extensive and well organized. In New York City, investigators of the New York City Police Department's Narcotics Division, already involved with ongoing undercover investigations into this group, joined with the F.B.I. to form a task force which would consolidate their investigative intelligence. This case is the standard by which inter-agency cooperation can be measured.

The agencies eventually involved in this investigation were F.B.I.; D.E.A.; I.N.S.; U.S. Customs; A.T.F.; and N.Y.P.D. The foreign police cooperation emanated from Italy, Sicily, Spain, Switzerland, Turkey, and Caribbean Island banking officials. Nationwide, this investigation employed over 66 wiretaps. The list of cooperating witnesses included high-echelon Mafia figures and a major figure in the movement of "black money" for Italian "businessmen." It was documented that over $50 million dollars were laundered by this criminal organization.

So detrimental was the prosecution of this Mafia organization that the trial proceedings were marked by violence on two occasions. In November, 1986, defendant Gaetano Mazzara was kidnapped and later found brutally murdered. Additionally, in February, 1987, defendant Pietro Alfano was stalked for several months before an unsuccessful assassination attempt on a Greenwich Village sidewalk left him paralyzed. In the latter case, the Joint Organized Crime Narcotics Task Force, in cooperation with the 6th Precinct Detective Unit, combined to generate the information and intelligence, which resulted in the arrest of the actual assailants and the members of the crime family organization which ordered the "hit."

As a result of this joint investigation, an intricate international heroin-smuggling and distribution organization was dismantled permanently, and its leaders were incarcerated for long prison terms.

The Joint Organized Crime Narcotics Task Force is continuing to function, utilizing the experience gained, to attack drug organizations at the higher distribution levels. The concept of joint cooperation in law enforcement was truly proven in the "Pizza Connection."

In the next segment of this testimony, we would like to provide an in-depth look at the latest of our task force efforts, the Joint Organized Crime Task Forces within the Organized Crime Investigations Division of our Organized Crime Control Bureau. I must emphasize that we use this next section just as an example, because the work of the other task forces, mentioned above, has been outstanding; and the Drug Enforcement Administration Task Force has served admirably as an organization and a model for the groups which have followed it for all these many years.

III. ORGANIZED CRIME INVESTIGATION DIVISION

The Organized Crime Investigation Division is composed of a Headquarters Section and five Joint N.Y.P.D./F.B.I. Organized Crime Task Forces. The Joint Task Force concept was established to provide a more positive, realistic approach regarding the investigation of organized crime. Both agencies, the N.Y.P.D. and the F.B.I., provide manpower, resources, intelligence information, and creativity in an effort to develop practical, long-term investigations. These investigations target individuals who occupy mid- to high-level positions in the traditional (LCN) organized crime families, as well as emerging, non-traditional organized crime groups.

**Development of the N.Y.P.D./F.B.I. Joint Organized Crime Task Force**

During the 1970s, there was an increase in the number of contacts between the Federal Bureau of Investigation and the New York City Police Department. Many of these contacts were a result of the F.B.I.'s increased involvement in organized crime investigations. Members of each agency opened informal, as well as formal, lines of communication between the two agencies. On occasion, members of each agency found themselves pursuing similar goals and, as a result, shared information and coordinated their investigations.

In 1983, then-Police Commissioner Robert McGuire and Lee Lester, Director of the New York Office of the F.B.I., signed a memorandum of understanding which created the Joint Organized Crime Task Force. Since the formation of the Task Force, success has been achieved in cases against the La Cosa Nostra, non-traditional organized crime groups, and labor racketeers.

There are many reasons for the success of the Joint Organized Crime Task Force. The commitment by the Police Commissioner and the Director of the New York Office of the F.B.I. has set the tone for cooperation between the two agencies. The personnel assigned to the Task Forces have been able to overcome the differences that occur when two distinct agencies mesh their operations. The emphasis on the "joint" nature of the task forces allows each agency to have equal input in deciding the goals and the methods to be used to achieve those goals. Also, the successful use of criminal and recently civil RICO statutes has given momentum to further investigations. After years of picking away at the edges of organized crime, law enforcement is now hitting at the heart of the LCN families. Mob leaders who were once well insulated from arrest are now not only being arrested, but are serving lengthy prison sentences. Mob control of labor unions and certain industries has also come under the scrutiny of the Joint Task Forces. Strong cases have been made against mob-controlled unions and mob-controlled industries.

The success of the Joint Organized Crime Task Force should continue. Recent investigations have shown that the mob is vulnerable. Its hold on certain unions and industries could be broken. The union members and the honest businessmen will not be the only ones to benefit from the success of the Joint Task Force. The public will profit when prices are determined by the laws of the marketplace and not by the mob leadership.

The following are synopses of some of the major cases of these Task Forces.

**United States versus Paul Castellano et al.**

In March of 1984, a major investigation of traditional organized crime produced an enormous indictment of an entire crew of the Gambino Crime Family. The 21 persons indicted included Paul Castellano, the 68-year-old head of the family, who was reputed to be the most powerful organized crime leader in the country.

The RICO indictment charged the defendants with the entire range of criminal activities from auto theft and insurance fraud to extortion, loansharking, prostitution, drug trafficking, jury tampering, obstruction of justice, and murder.

The investigation was conducted by an informal task force of units within the New York City Police Department and local and Federal agencies. This informal grouping became the model for the Joint Task Forces which are operating today.

**StarQuest**

On November 23, 1983, Joint Organized Crime Task Force I-A was established to target the entire leadership of the Colombo Family for RICO prosecution. The StarQuest case, initiated in 1983, focused on the illegal activities of the family. The case culminated in the convictions of the entire leadership of the Colombo Family for major violations in June, 1986. It should be noted that the Title III wiretap of StarQuest was a springboard for seven spin-off cases and provided probable cause for other significant LCN prosecutions, including the Commission Case, the Anthony Salerno/S&A Concrete Case, and the CONRAX Case, which will be discussed next. In addition, StarQuest was the basis for the successful civil RICO prosecution of the Colombo Family and the Concrete and Cement Workers Unions.

The criminal and civil RICO prosecutions of the Colombo Family were major milestones in the Government's war on organized crime in the New York metropolitan area. The criminal case, as stated, resulted in the convictions of the entire hierarchy of the family with each defendant receiving lengthy prison sentences. Included in this case was the arrest of Carmine Persico, the Boss of the family, who at the time was a fugitive and the first major organized crime figure to make the F.B.I.'s Ten Most Wanted List.

The civil RICO proceedings resulted in the enjoinment of the Concrete and Cement Workers District Council and the locals as well as the Colombo Family and LCN Commission members, and the placing of the District Council and locals under civil receivership. The prevented economic loss to the public as a result of these proceedings was estimated to be $585 million dollars, and the price of concrete per yard in the metropolitan New York area was reduced some $12 to $15 per cubic yard.

There have been other significant cases that were worked by the Task Force, including the arrest (1986) and conviction (1987) of Joseph Tomasello and Vincent James Angellino for conspiracy to receive stolen property. Each defendant received one year and one day in prison and a $10,000 fine. Tomasello and Angellino are both prominent Capos in the Colombo Family and were counted on to control the family during the period of turmoil following the mass convictions of the family leadership.

Today, the Colombo Family is fragmented and in a state of flux. The Boss, Underboss, and most of the influential Capos are incarcerated for long prison terms.

**CONRAX Laborers' International Union of North America**

This case was opened on June 26, 1984. It was a spin-off from the Colombo La Cosa Nostra Family case (StarQuest) and initially targeted LCN control of the low-rise concrete construction industry in New York City through Laborers' Local 13 (Laborers' International Union of North America). From June, 1984, through July, 1986, the CONRAX case was covert, involving operation of seven Title III electronic surveillances. During this time, the scope of the investigation expanded to include 10 labor unions, 19 labor officials, and numerous construction contractors in the New York City metropolitan area.

The CONRAX case went overt in July, 1986. Since that time, a number of cooperating witnesses have been developed. Information from these cooperating witnesses, which has been integrated with evidence seized pursuant to electronic surveillances, search warrants, and Grand Jury subpoenas, has led to an indictment which was returned on August 17, 1987, and unsealed on August 18, 1987. Arrests were made during the early morning hours of August 18, 1987, of certain defendants by Special Agents of the Federal Bureau of Investigation and Detectives of the New York City Police Department from the Joint Organized Crime Task Force. In this indictment, it is charged that six officers of four different construction trades labor unions, six shop stewards in one such union, and eight construction contractors engaged in RICO Act conspiracy; extortion; Taft-Hartley bribery; mail fraud; wire fraud; benefit fund bribery; theft from welfare funds; conspiracy; perjury; obstruction of justice; and making materially false statements to law enforcement agents.

This indictment is a direct result of a Joint Organized Crime Task Force's long-running CONRAX investigation of the construction industry in New York City. In the three years of its operation, CONRAX and its related activities have used extensive periods of court-authorized electronic surveillance, consensual recordings, and warranted searches to uncover what this indictment charges is a long-running and widespread scheme to extort and induce payoffs from construction companies and to engage in bid-rigging and collusion in the awarding of construction contracts.

The indictment alleges a widespread practice of labor racketeering among the business agents who deal with concrete and masonry subcontractors in the construction industry. It is alleged that, acting in concert, various representatives of Mason Tenders Locals 13 and 46, Cement and Concrete Workers Union Local 20, and Carpenters' Union Local 531 have systematically bled the construction industry through a pattern of extortion, labor bribery, and various forms of collusion and fraud.

The indictment recites several of the means and methods used by the defendants to obtain payoffs. These include the use of fear, violence, and force to interfere with construction projects; the use of unproductive or troublesome workers to disrupt active construction projects; threatening to organize "non-union" companies unless payoffs were made; the use of enforcement or non-enforcement of collective bargaining agreements to induce payoffs from unionized companies; and the use of bid-rigging to reward or punish construction companies as it served the interests of the defendants.

The indictment charges that the defendants rewarded union members who participated in the extortion and labor bribery scheme by permitting the union members to work off the books, work under false names, and obtain union benefits without working by giving their union books and names to other persons who worked for unionized companies. In addition, the defendants are charged with using the representatives of various minority worker groups in the construction industry to threaten, harass, and impede contractors unless and until those contractors made payoffs.

In addition to the labor bribery and extortion charges, several defendants are charged with participating in instances of bid-rigging and collusion in the manipulation of the awarding of construction contracts. The indictment alleges that the union officials used bid-rigging and collusion as weapons to punish contractors who were reluctant to make payoffs and as rewards for contractors who were willing to do so. Among the charges of bid-rigging in the indictment is a mail fraud charge against Basil Robert Cervone, business agent for Mason Tenders' Local 13, and George Bernesser, owner and operator of Bernesser Masonry Co., alleging that, in December, 1985, using the office and telephones of Local 13, the defendants tried to fix the price being paid for one phase of the renovation of Shea Stadium.

The indictment also alleges that bid-rigging occurred during the construction of new housing and commercial projects, particularly during the development of 96 homes in Howard Beach, Queens, New York, and during the development of an eight-story commercial building on Prince Street, Queens, New York.

**Fulton Fish Market**

On April 6, 1982, at 0900 hours, Vincent Romano, believed to be the most powerful organized crime figure controlling the Fulton Fish Market area, was located by a member of the New York City Police Department's Joint Organized Crime Task Force, and members of the Internal Revenue Service and the United States Labor Department. He was subsequently arrested for conspiracy and five counts of making false statements to Chemical Bank to induce the extension of more than $206,000 in loans to Major Fish Company, a wholesale fish company formerly located in the Fulton Fish Market. The indictment charged that Romano, who was president and sole stockholder of the Major Fish Company, inflated the assets of his company in order to obtain loans from Chemical Bank and then defaulted on the loans, owing more than $110,000. The maximum penalty for the conspiracy charge was five years in prison and a $10,000 fine. Each of the substantive charges carried a maximum penalty of two years' imprisonment and a $5,000 fine. In addition to members of the New York City Police Department, personnel from the Department of Labor and the Internal Revenue Service were involved in this case.

Also arrested for income tax evasion was Gennaro Prisinzano, of 54-12 Arnold Avenue, Maspeth, New York. Mr. Prisinzano worked for Sea Isle Distributors, Inc., a company which unloads fish brought into the Fulton Fish Market. He was charged with three counts of tax evasion for aiding Sea Isle in failing to declare over $220,000 of income between 1977 and 1979. The income tax evasion charges carried a maximum penalty of five years in prison and a $10,000 fine.

The following cases are examples of joint investigations into emerging, non-traditional organized crime.

**Cuban Organized Crime**

This investigation targeted Humberto Davilla, who ran a Cuban policy operation, known as "The Company." The Company controlled policy betting in many parts of the New York City area and was involved in money-laundering, arson, homicide, and drug sales.

During this investigation, undercover members of the New York City Police Department's Joint Organized Crime Task Force made purchases of drugs totaling 4 1/2 kilos of cocaine and over 1/4 kilo of heroin. In addition, members seized or were supplied with a Thompson sub-machine gun, an Uzi, two automatics, and three

revolvers. Seven individuals were arrested for drug sales. Three pled guilty in Federal Court, and two others are awaiting Federal trial. Two others are awaiting trial in Queens County for felony drug sales.

Cooperating witnesses gave information to Brooklyn Grand Juries which resulted in two arrests for homicide by the 81 Precinct Detective Unit and one arrest for homicide and one for arson by the Arson and Explosion Squad.

Investigative efforts on the gambling operation of The Company resulted in the execution of four Federal search warrants on their policy banking operation. The Task Force seized banking records and a total of $330,534.00.

On January 31, 1986, members of the New York City Police Department and the Federal Bureau of Investigation simultaneously executed 483 Federal search warrants on The Company's store-front policy locations throughout the New York City area. Over $120,000.000 and 157 slot machines were seized. There were seven arrests effected for buys or weapons.

**United Bamboo**

Through an undercover operation initiated by the New York Police Department Intelligence Division and then developed by the N.Y.P.D./F.B.I. Joint Organized crime Task Force, law enforcement was able to penetrate the hierarchy of the United Bamboo gang and successfully curtail its activities through the arrests and prosecution of its leaders.

During the course of this investigation, a cooperating witness was debriefed and directed by the Task Force. This individual supplied information concerning a Taiwan-based organized crime syndicate which was preparing to establish a New York base of operations. Members of this group have been implicated in the assassination of Henry Liu, a Taiwanese dissident who was murdered in San Francisco in October, 1984. Two New York City Police Department Detectives infiltrated this organization and were formally inducted into the United Bamboo by the pro tem national leader in Houston, Texas. During this investigation, over 100 pounds of marijuana, one pound of heroin, two automatic weapons, an assault shotgun, and seven handguns were purchased or seized.

The undercover operatives also took numerous contracts on people's lives, including the contracts for the lives of three Monterey Park Police Detectives. It is believed that this covert operation may have saved numerous lives. The investigation ended prematurely, as agreement had been reached with the United Bamboo to import 300 kilos of heroin from Thailand. In all, 16 persons were arrested and charged with crimes ranging from RICO violations; gambling; distribution of marijuana; conspiracy to

distribute heroin and cocaine; and sale of heroin to murder for hire and murder.

Eleven defendants, members, and associates of the United Bamboo gang were tried by the United States Attorney's Office, Southern District of New York, and convicted for their participation in the above charges. They were sentenced to terms ranging from 10 to 25 years' imprisonment.

What is perhaps most significant about this case is the fact that it represents the first major trial of an Asian Organized Crime group, which had preyed upon Oriental communities for many years. The case presented challenges to the Government's ability to enter the otherwise uncharted waters of the emerging criminal syndicates. In gathering the evidence and in developing witnesses, members of the Task Force were able to penetrate a criminal network that has eluded law enforcement in the past.

Because of the magnitude of the next case, known as the "Commission Case," we have reserved our comment on it for last.

**Commission Case**

This case involved the indictment of the leadership of the five Mafia families in New York City. The indictment was the result of many investigations conducted by several agencies.

The intricacies of this case and the massive cooperative effort which comprised it are best delineated in the press release which was issued by the U.S. Attorney for the Southern District of New York, Rudolph Giuliani (attached as Appendix B).

IV. SOME IDEAS FOR THE FUTURE

In order to plan a strategy for investigating organized crime, one must take into consideration the organized crime connections between the New York City area and other parts of the United States. Many of the organized crime figures who have illicit enterprises in the New York area reside and operate from the adjoining states. In addition, intelligence data indicate that many members of these organized criminal groups in fact owe their allegiance to New York-based organized crime networks.

For many years, the New York City Police Department's strategy for combatting organized crime was based solely on its own internal units. Cooperation between these units sometimes became strained because these units were competitive and arrest oriented. To help alleviate this problem, the Intelligence Division, a non-operational unit, was designated as the central repository for maintaining the available data on organized crime members and associates. These data, in turn, were made available to any other unit to assist it in its investigations of organized crime. To increase the flow of available intelligence data, the Intelligence Division undertook a training program to familiarize

the uniformed members of the Police Department in gathering raw intelligence data on organized crime members and locations.

The Intelligence Division established a liaison unit, to expedite the flow of intelligence data between these other department units. In addition, liaison was established between various other city, state, and Federal enforcement agencies. The basic groundwork for the flow and exchange of intelligence was established.

With the availability of intelligence data and liaison efforts, cooperativeness has also been established.

In the early 1970s, the New York City Police Department assigned personnel to the New York Joint Drug Enforcement Task Force.

The assignment of members of the New York Police Department to this task force, and the cooperative effort displayed by the agencies involved, proved that a unified effort was viable. The success of this task force paved the way for the creation of other joint task forces, which are currently investigating organized crime and other major criminal enterprises. Members of the New York Police Department who are assigned to these task forces are sworn in and designated as Deputy U.S. Marshals. This dual police power gives the assigned investigators greater flexibility in conducting their investigations. In addition, these investigations, when they are concluded, can be prosecuted by the agency (Federal or state) that would penalize those arrested to the greatest extent.

This system, which encompasses intelligence-gathering, dissemination through liaison efforts, and the formation of task forces with the Federal authorities, has proven successful, and this is the course we hope to continue in the future.

## V. SOME CONCLUSIONS AND RECOMMENDATIONS

In our efforts to combat organized crime, one must not forget that besides the traditional organized crime networks, there are other, emerging organized criminal groups. These groups are becoming more powerful due to the vast profits that they are obtaining in their criminal enterprises.

The task of combatting organized crime is complex and beyond the reach of any single local, state, or Federal arm of Government. The monetary cost of combatting organized crime is immense. Local enforcement agencies are under extreme pressure to battle rising violent street crime and massive narcotics problems in an effort to better protect their citizens. This makes it extremely difficult to free up funds for combatting organized crime.

At the present time, there is Federal legislation which was passed by the House of Representatives (H.R. 2763, the Commerce, State, Justice and Judiciary Appropriation Act of 1987) to remove the sharing of forfeited monies with state and local law enforcement agencies that participate in the case that led to the forfeiture. This would include the monetary assets and equipment, such as automobiles, that are presently being seized as a result of arrests and convictions through joint investigation efforts.

The New York City Police Department is strenuously opposed to such legislation and has made this opposition known to the Chairman of the U.S. Senate's Subcommittee on Commerce, Justice, State, the Judiciary, and Related Agencies. Quite the contrary, strategies for the seizing of assets and subsequent sharing should be widely expanded and built into joint efforts from their inception. This can be accomplished in many types of Federal prosecutions, narcotics, conspiracies, RICO's, etc., and must more frequently include the use of civil RICO proceedings and tax judgments.

This will serve two purposes. First, it will increase funds available at all levels for combatting organized crime; and second, it will assail the central motivating factor in all organized criminal networks, the ability to produce profits for the organization.

In this same vein, we are encouraged by, and we strongly urge the continuation and expansion of, the Task Force concept and its concomitant financial resources, which become available to us locally. We do, however, ask that the Federal Government consider re-instituting the type of direct funding which was formerly available to us through LEAA, and which, as was mentioned before, assisted us so much in the instituting of intelligence, narcotics, and public morals efforts within our own Department.

Future success in combatting organized crime depends on the continued and expanded cooperation between law enforcement agencies. In conjunction with the Federal Government, we in New York City have successfully prosecuted the higher echelons of the Traditional Organized Crime Networks, but the void that resulted from these cases is already being filled, and the emerging groups become more powerful everyday. We have won some decisive victories; but the war to eradicate organized crime, of all types, from our society is far from over.

Through public education, a task force approach, and the financial assistance of the Federal Government, we will continue and escalate our efforts in this war.

# APPENDIX

# " A "

APRIL, 1988

## LEADERSHIP

## OF

## BONANNO

## ORGANIZED CRIME

## NETWORK

Prepared by:

City of New York
Police Department
Intelligence Division

BONANNO
ORGANIZED CRIME NETWORK

APRIL, 1988

| | | |
|---|---|---|
| BOSS | **RASTELLI, Philip**<br>473 Vandervoort Ave.<br>Brooklyn, NY | DOB 1/31/18<br>B# 152029<br>NYSID# 0082850 J |

He was recently convicted in the EDNY the "BONANNO FAMILY TRIAL", and was sentenced to 12 years in Federal Prison. Due to ill health, it is anticipated that he will probably die in prison. Although he is in Federal Prison, he continues to control this Organized Crime Network.

| | | |
|---|---|---|
| UNDERBOSS | **MASSINA, Joseph**<br>163-37 84th Street<br>Howard Beach, NY | DOB 1/10/43<br>FBI# 683127 |

He was recently convicted in the "BONANNO FAMILY TRIAL" in EDNY and was sentenced to 10 years in Federal Prison. Although he is in Federal Prison, he continues to exercise control in this Organized Crime Network.

| | | |
|---|---|---|
| STREET BOSS & CONSIGLIERI | **SPERO, Anthony**<br>273 Bay 19th Street<br>Brooklyn, NY | B# 501895<br>NYSID# 0900540 N<br>FBI# 201766H |

Intelligence data indicates that **Spero** is overseeing the day-to-day operations of this Organized Crime Network.

| | | |
|---|---|---|
| CAPOREGIMA | **ATTANASIO, Louis**<br>7 Round Hill<br>Holmdel, NJ | DOB 2/8/44<br>NYSID# 0834221 N<br>FBI# 963032E |

On September 4, 1987, **Attanasio** was arrested by the New Jersey State Police on various charges, which include bribery, possession of a weapon and numerous other charges. It is anticipated that he will go to trial in January of 1988.



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BONANNO
ORGANIZED CRIME NETWORK

APRIL, 1988

| | | |
|---|---|---|
| CAPOREGIMA | CHILLI, Joseph Jr.<br>200 Hawthorne Street<br>Staten Island, NY | DOB 7/7/33<br>B# 423532<br>NYSID# 0709202 L<br>FBI# 71350D |
| CAPOREGIMA | EMBARRATO, Alfred<br>43 Market Street<br>New York, New York | DOB 11/1/09<br>B# 84812<br>NYSID# 0196535 Y<br>FBI# 776057 |
| CAPOREGIMA | FERRUGIA, Salvatore<br>6414 250th Street<br>Bayside, NY | DOB 11/19/14<br>B# 104328<br>NYSID# 0073286 Q<br>FBI# 447871 |
| CAPOREGIMA | GRAZIANO, Anthony<br>40 Arbutus Way<br>Staten Island, NY | DOB 11/2/40<br>B#438928<br>NYSID# 0751605 H<br>FBI# 411952C |
| CAPOREGIMA | INFANTE, Gabriel<br>794 Broad Street<br>Bloomfield, NJ | DOB 3/26/35<br>FBI# 68225H |

**Infante** has been missing since December 22, 1967. It is not known who has replaced him at this time.

| | | |
|---|---|---|
| CAPOREGIMA | LINO, Frank<br>1867 Madison Place<br>Brooklyn, NY | DOB 10/30/37<br>B #363471<br>NYSID# 0620085 M<br>FBI# 180107E |
| CAPOREGIMA | MUSILLO, Charles F<br>63 Dawson Circle<br>Staten Island, NY | DOB 2/25/26<br>B #232053<br>NYSID# 0182990 J |



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BONANNO
ORGANIZED CRIME NETWORK

APRIL, 1988

| | | |
|---|---|---|
| CAPOREGIMA | RESTIVO, Louis D<br>63-34 Fitchett Street<br>Rego Park, NY | DOB 11/14/34<br>NYSID# 1348358 J |
| CAPOREGIMA | RIZZUTO, Nicholas<br>Montreal, Canada | DOB 2/24/18<br>NADDIS# 77672 |

On 2/12/88, he was arrested in Caracas, Venezuala for possession of Cocaine. He is presently incarcerated in Venezuala.

| | | |
|---|---|---|
| CAPOREGIMA | VITALE, Salvatore<br>5 Pioneer Court<br>Oak Hills, NY | DOB 9/22/47<br>FBI #452897-D |



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APRIL, 1988

# LEADERSHIP OF COLOMBO ORGANIZED CRIME NETWORK

Prepared by:

City of New York
Police Department
Intelligence Division

COLOMBO
ORGANIZED CRIME NETWORK

APRIL, 1988

| | | |
|---|---|---|
| **FORMER BOSS** | **PERSICO, Carmine**<br>8420 11th Avenue<br>Brooklyn, NY | DOB 8/8/31<br>B# 297269<br>NYSID# 0402484 K<br>FBI# 113241B |

**Persico** was recently convicted in two (2) Federal trials, the "COMMISSION TRIAL", held in the SDNY, and the "COLOMBO FAMILY TRIAL", held in the EDNY. He was sentenced to a total of 139 years in Federal Prison.

| | | |
|---|---|---|
| **FORMER ACTING BOSS** | **LANGELLA, Gennaro**<br>48 Gold Street<br>Staten Island, NY | DOB 12/30/38<br>B# 486402<br>FBI# 966088D |

**Langella** was recently convicted in two (2) Federal trials, the "COLOMBO FAMILY TRIAL", held in the EDNY, and the "COMMISSION TRIAL", held in the SDNY. He was sentenced to a total of 165 years in Federal Prison.

| | | |
|---|---|---|
| **FORMER UNDERBOSS** | **FRANZESE, John**<br>47 Shrub Hollow Road<br>Roslyn, NY | DOB 2/6/19<br>B# 164829 |

**Franzese** is currently incarcerated in Federal Prison for violation of his parole in connection with loansharking charges on Long Island. He is currently attempting to vacate an old bank robbery conviction. If he is successful, he might take over control of this Network.

COLOMBO
ORGANIZED CRIME NETWORK

APRIL, 1988

**FORMER CONSIGLIERI**

**PERSICO, Alphonse C**
8102 11th Avenue
Brooklyn, NY

DOB 12/6/29
B# 277289
NYSID# 0345515 P
FBI# 263729A

**Alphonse C PERSICO** was convicted of Extortion charges in the EDNY. He disappeared while awaiting sentencing in June of 1980, became a Federal Fugitive until November 15, 1987, when he was arrested by the U.S. Marshals. On December 18, 1987, he was sentenced to twenty-eight (28) years in Federal prison.

**FORMER CONSIGLIERI**

**DiBELLA, Thomas**
18 Adlei Circle
Staten Island, NY

DOB 11/29/05
B# 14607

**Dibella** took over this position after **Alphonse C Persico** became a Federal fugitive. He held this position until he was convicted of bribery and extortion in the indictments that were handed down in October of 1984. He is currently awaiting sentencing.

**CURRENT BOSS**

**PERSICO, Carmine**

B# 297269

Although he is currently serving 139 years in Federal Prison, he has not relinquished control of this Network.

**CURRENT UNDERBOSS**

**LANGELLA, Gennaro**

B# 486402

Although he is currently serving 165 years in Federal Prison, he has not relinquished his position as **UNDERBOSS** in this Network.

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COLOMBO
ORGANIZED CRIME NETWORK

APRIL, 1988

| | | |
|---|---|---|
| **CONSIGLIERI** | PERSICO, Alphonse C | DOB 12/6/29<br>B# 277289<br>NYSID# 0345515 P |

Although he is currently serving 28 years in Federal Prison, it is believed that he still holds the position of **CONSIGLIERI** in this Network.

| | | |
|---|---|---|
| **STREET BOSSES:** | ALOI, Benedetto | B# 419713 |
| | ORENA, Vito | B# 366708 |
| | RUSSO, Joseph | Nassau PD# 9030588 |

Recent data indicates that the above **TRIUMVIRATE** controls the day to day activities of this Organized Crime Network.

| | | |
|---|---|---|
| **CAPOREGIMA** | ALOI, Benedetto<br>135 Beech Street<br>Floral Park, NY | DOB 10/6/35<br>B# 419713<br>NYSID# 0700803 R<br>FBI# 505780F |
| **CAPOREGIMA** | AMATO, Pasquale<br>66 Keller Avenue<br>Merrick, NY | DOB 7/3/34<br>NYSID# 0665572 Q |
| **CAPOREGIMA** | CUTOLO, William P<br>1584 East 46th Street<br>Brooklyn, NY | DOB 6/6/49<br>NYSID# 3845269-L<br>FBI# 953127N6 |
| **CAPOREGIMA** | FRANZESE, Michael<br>19-520 Haynes Street<br>Reseda, Ca. | DOB 5/27/51<br>NYSID# 3661682 Y<br>FBI# 97822N7 |

He is the son of **John Franzese**, B# 164829. It was believed that he took over the crew that was headed by his father while his father was in prison. In March of 1986, **Michael Franzese** was convicted of RICO violations in Florida. He was sentenced to 10 years and had to make restitution of $14 million dollars.



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COLOMBO
ORGANIZED CRIME NETWORK

APRIL, 1988

CAPOREGIMA **MONTEMARANO, Dominic** DOB 5/3/38
1343 67th Street B# 503602
Brooklyn, NY NYSID# 0806737 K
FBI# 61391E

**Montemarano** was indicted in October of 1984. During the trial, he became ill and was severed.

CAPOREGIMA **ORENA, Vito (Little Vic)** DOB 8/4/34
371 Buckingham Road B# 366708
Cedarhurst, NY FBI# 359615E

**Orena** is believed to be related to the **Persico's** and is acting in their behalf.

CAPOREGIMA **PERSICO, Alphonse T** DOB 2/8/54
50 Weaver Street FBI# 845172AA6
Staten Island, NY

He is the son of **Carmine Persico**, B# 297269. He was convicted in the "COLOMBO FAMILY TRIAL", held in the EDNY, and was sentenced to 12 years in Federal Prison. **John (Jackie) DeRoss**, DOB 7/17/37 is acting in his behalf.

**DeROSS, John (Jackie)** DOB 7/17/37
168 Hope Avenue
Staten Island, NY

**DeRoss** is currently in Texarkana, Arkansas Federal Prison, after being convicted of RICO violations. His inmate number is 10451-054.

CAPOREGIMA **PROFACI, Salvatore J** DOB 5/18/36
6 Galewood Drive FBI# 754737J11
Holmdell, NJ



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COLOMBO
ORGANIZED CRIME NETWORK

APRIL, 1988

**CAPOREGIMA** **RANDAZZO, Vincent** DOB 11/01/01
214 Bay 35th Street FBI# 1107093
Brooklyn, NY

**Randazzo** is believed to be inactive due to age.

**CAPOREGIMA** **SCARPATI, Anthony** DOB 6/3/33
62 Barbara Street B# 286349
Staten Island, NY NYSID# 0371394 N
FBI# 568582A

**Scarpati** was convicted and sentenced from the indictments that were handed down in October of 1984. He was also convicted and sentenced to 35 years in Federal Prison in the "COLOMBO FAMILY TRIAL", held in EDNY. It is believed that **Gregory Scarpa Jr.** is acting in his behalf.

**SCARPA, Gregory Jr.** DOB 8/3/51
416 Holton Avenue B# 772483
Staten Island, NY NYSID# 3123741 L

It is believed that **Gregory Scarpa Jr.** had taken over the operations for his father, **Gregory Scarpa Sr.**, who is inactive due to illness, and of his uncle, **Salvatore Scarpa**, who was the victim of a homicide on 1/4/87. In December of 1987, **Gregory Scarpa Jr.** was indicted on RICO and extortion violations and is currently a fugitive.

**CAPOREGIMA** **TOMASELLO, Joseph** DOB 11/5/32
130 Vermont Trail NYSID# 0784858
Lake Hapatcong, NJ B# 451405
FBI# 234777B

He was recently convicted in the SDNY for receiving and the interstate transportation of stolen goods. He is currently serving one year and one day.



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COLOMBO
ORGANIZED CRIME NETWORK

APRIL, 1988

CAPOREGIMA **RUSSO, Andrew T** DOB 8/9/34
Simonson Road B# 533105
Old Brookville, NY NYSID# 0907875 J
FBI# 456433D

**Russo** was convicted and sentenced from the indictments that were handed down in October of 1984. He was also sentenced to 35 years in Federal Prison after being convicted in the "COLOMBO FAMILY TRIAL", that was held in the EDNY. His crew was taken over by **James Angellino**, NYSID# 3803284 Z, who is currently incarcerated. It is believed that **Joseph Russo**, Nassau PD# 9030588, the son of **Andrew Russo** has taken control of this crew.

**ANGELLINO, Vincent (James)**
12 Oakridge Road DOB 6/23/36
White Plains, NY NYSID# 3803284 Z
FBI# 723147N1

**Angellino** was recently indicted, tried, and convicted in the SDNY for receiving and the interstate transportation of stolen goods. He is currently serving one year and one day.

**RUSSO, Joseph** DOB 6/14/53
Simonson Road Nassau PD# 9030588
Old Brookville, NY

He is acting in behalf of his father, **Andrew Russo**, B# 533105.

APRIL, 1988

# LEADERSHIP OF GAMBINO ORGANIZED CRIME NETWORK

Prepared by:

City of New York
Police Department
Intelligence Division

GAMBINO
ORGANIZED CRIME NETWORK

APRIL, 1988

| | | |
|---|---|---|
| FORMER BOSS | **CASTELLANO, Paul**<br>177 Benedict Road<br>Staten Island, NY | DOB 4/6/12<br>B# 125933 |
| FORMER UNDERBOSS | **BILOTTI, Thomas**<br>80 Wakefield Road<br>Staten Island, NY | DOB 3/23/40<br>B# 450459 |

On December 16, 1985, **Castellano** and **Bilotti** were shot and killed in front of Stark's Steak House located at 210 East 46th Street in New York City.

| | | |
|---|---|---|
| FORMER UNDERBOSS | **DeCICCO, Frank**<br>(12/16/85 till 4/13/86) | DOB 11/5/35<br>B# 427105 |

DeCicco was killed on April 13, 1986, when a bomb exploded under the car he was utilizing. It is believed that his nephew **George DeCicco**, B# 495992, has taken over his crew, and has been elevated to the position of **CAPOREGIMA**.

| | | |
|---|---|---|
| FORMER CONSIGLIERI | **GALLO, JOSEPH N**<br>3185 Crescent Street<br>Astoria, NY | DOB 1/8/12<br>NYSID# 1412270 K<br>FBI# 2444809 |

It is believed that he stepped aside in June of 1987 due to old age and ill health. He had been indicted in June of 1986 for RICO violations. On December 22, 1987, he was convicted of Racketeering Conspiracy, Bribery, and the Illegal Interstate Travel to commit Bribery. On February 9, 1988, he was sentenced to 10 years in Federal Prison and fined $380,000.00.

| | | |
|---|---|---|
| CURRENT BOSS | **GOTTI, John**<br>160-11 85th Street<br>Howard Beach, NY | DOB 10/27/40<br>NYSID# 0691424 Z<br>FBI# 821208D |



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GAMBINO
ORGANIZED CRIME NETWORK

APRIL, 1988

**CURRENT UNDERBOSS**

**ARMONE, Joseph**
630 92nd Street
Brooklyn, NY

DOB 9/13/17
B# 125191
NYSID# 0056550 K
FBI# 798682

He is currently on trial in the EDNY for RICO violations. He replaced **Frank DeCicco**, as **UNDERBOSS** when he was killed. On December 22, 1987, He was convicted in the EDNY of Racketeering conspiracy, Bribery, and the illegal interstate travel to commit bribery, and on February 22,1988, he was sentenced to a total of 15 years in Federal Prison, and fined $820,000.

**CURRENT ACTING UNDERBOSS**

**CORRAO, Joseph**
1531 79th Street
Brooklyn, NY

DOB 10/21/36

He was selected to replace **Joseph Armone** as **UNDERBOSS**, when **ARMONE** was convicted on 12/22/87. He is presently on trial in the SDNY for the Obstruction of Justice. It is not known who has taken over his crew at this time.

**CURRENT CONSIGLIERI**

**GRAVANO, Salvatore**
70 Lamberts Lane
Staten Island, NY

DOB 3/12/45
B# 524149
NYSID# 0948197 Z

He was elevated to this position in June of 1987, replacing **Joseph N. Gallo**, who is 76 years old and in ill health. It is not known at this time who replaced **Salvatore Gravano**, as **CAPOREGIMA**.



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GAMBINO
ORGANIZED CRIME NETWORK

APRIL, 1988

| | | |
|---|---|---|
| STREET BOSSES: | CORRAO, Joseph | DOB 10/21/36 |
| | FAILLA, James | DOB 1/22/19<br>NYSID# 3215470 Q |
| | GRAVANO, Salvatore | DOB 3/12/45<br>B# 524149 |
| CAPOREGIMA | ARCURI, Joseph T.<br>162-16 33rd Avenue<br>Flushing, NY | DOB 5/22/13<br>FBI# 487293F |
| CAPOREGIMA | AVARELLO, Salvatore<br>1611 81st Street<br>Brooklyn, NY | DOB 4/14/45<br>or 3/14/45<br>B# 124515<br>NYSID# 0221579 K<br>FBI# 831983 |
| CAPOREGIMA | CONTI, Pasquale<br>2 Hunts Court<br>Roslyn, NY | DOB 3/12/25<br><br>FBI# 50399HA3 |
| CAPOREGIMA | CORBI, Frank<br>3407 Norman Avenue<br>Baltimore, Md | DOB 1/12/03<br>B# 95838<br>FBI# 189772 |
| CAPOREGIMA | D'APOLITO, Frank<br>24-30 Little Neck Blvd.<br>Bayside, NY | DOB 12/1/23<br>B# 214093<br>NYSID# 0141730 R |

Intelligence data indicated that he has replaced Ettore Zappi, E#7002, dob 7/14/04, who died of natural causes on 7/24/86.

| | | |
|---|---|---|
| CAPOREGIMA | DeBRIZZI, Thomas<br>111 Hollister Street<br>Straford, Ct. | DOB 3/25/23<br>FBI# 3225111 |

He was missing from 1/29/88 and was found murdered on 2/5/88 in Trumble, Ct. It is not known who has replaced him at this time.

GAMBINO
ORGANIZED CRIME NETWORK

APRIL, 1988

CAPOREGIMA — **DeCICCO, George**
21 Bay 13th Street
Brooklyn, NY
DOB 3/20/29
B# 495992
NYSID# 0626838 J
FBI# 98696E

It is believed that **George DeCicco** has taken over the crew that was headed by his uncle, **Frank DeCicco**, B# 427105, when he was promoted to **UNDERBOSS**.

CAPOREGIMA — **FAILLA, James**
175 Evergreen Avenue
Staten Island, NY
DOB 1/22/19
NYSID# 3215470 Q
FBI# 758042G

CAPOREGIMA — **GAGGI, Anthony F**
285 Bay 8th Street
Brooklyn, NY
DOB 8/7/25
B# 310882
NYSID# 0432135 L
FBI# 291593B

He currently is in Federal Prison after conviction in the "CASTELLANO TRIAL".

CAPOREGIMA — **GAMBINO, Joseph**
4116 Bayberry Lane
Seaford, NY
DOB 1/20/30
FBI# 290681A
NYSID# 0439206 L

CAPOREGIMA — **GAMBINO, Thomas**
82 Pinehurst Street
Lido Beach, NY
DOB 8/23/29
FBI# 4192646

CAPOREGIMA — **GIORDANO, John (Jack)**
217 Braisted Avenue
Staten Island, NY
DOB 2/7/41
B# 550176
NYSID# 0751200 Q

**Giordano** took over the crew that was formerly headed by **Joseph Armone**, B# 125191, who is currently **UNDERBOSS**.



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GAMBINO
ORGANIZED CRIME NETWORK

APRIL, 1988

CAPOREGIMA **LOCASCIO, Frank**
2412 Dorsey Street
Bronx, NY
&
P.O. Box 775
Philliport, NY

DOB 9/24/32
NYSID# 0340118 L
B# 273585
FBI# 525204A

He is believed to have replaced **Angelo Mascia**, E#14202, when **Mascia** died of natural causes.

CAPOREGIMA **MOSCA, Ralph**
1608 Bronx River Road
Yonkers, NY

DOB 6/18/10
B# 129036
NYSID# 0629688 J
FBI# 1036360

CAPOREGIMA **NAPOLITANO, Anthony**
21-13 47th Street
Astoria, NY

DOB 11/5/00
B# 53158

CAPOREGIMA **PATERNO, Joseph**
76 Abbington Avenue
Newark, NJ

DOB 8/5/23
FBI# 4386478

On April 20, 1985, he was arrested as a result of a FBI investigation in Florida, for conspiracy to commit murder and racketeering. Through his Attorney, **Paterno**, was negotiating a plea of guilty to lesser charges. It is believed that he was dying of cancer at that time. He died on March 16, 1988 in Florida. It is not known who has replaced him.

GAMBINO
ORGANIZED CRIME NETWORK

APRIL, 1988

**CAPOREGIMA** **RUGGIERO, Angelo** DOB 7/20/40
370 Bernard Avenue B# 619594
Cedarhurst, NY NYSID# 1136577 Y
FBI# 340401F

**Ruggiero** is currently in the Federal Metropolitan Correction Center, in New York City, where he is being held without bail after being indicted in October of 1983 in the SDNY for RICO violations, Narcotics Conspiracy, and the Obstruction of Justice. This trial was conducted in the EDNY, and was recently declared a mistrial and is to be rescheduled. He was also indicted in June of 1986 on RICO violations in the EDNY. It is believed that **Gene Gotti**, B# 578241, is now acting in behalf of **Ruggiero**, and has taken over control of his crew.

**GOTTI, Gene** DOB 10/31/46
98-04 101st Avenue NYSID# 1057637 K
Ozone Park, NY B# 578241

**Gene Gotti** was indicted in October of 1983 in the SDNY for RICO violations, Narcotics Conspiracy, and the Obstruction of Justice. This trial was conducted in the EDNY, and was recently declared a mistrial and is to be rescheduled.

**CAPOREGIMA** **SCOTTO, Anthony** DOB 5/10/34
8220 11th Avenue FBI# 875446
Brooklyn, NY

**Scotto** is currently on Federal Parole.

**CAPOREGIMA** **TRAINA, Mario** DOB 1/27/15
1925 71st Street FBI# 298361L2
Brooklyn, NY

GAMBINO
ORGANIZED CRIME NETWORK

APRIL, 1988

CAPOREGIMA **ZACCARIA, Paul** DOB 7/5/24
2266 National Drive B# 465767
Brooklyn, NY NYSID# 0824036 Y

**Zaccaria** is believed to have taken over the crew that was headed by **Olympio Garafalo**, B# 96364, who died of natural causes in November of 1986.

CAPOREGIMA **ZINGARO, Joseph** DOB 10/18/12
6 Franklin Avenue FBI# 1971465
Rye, NY

He was one of sixteen (16) members and associates who were indicted in June of 1986, on RICO violations in the EDNY. On July 9, 1987, he was convicted of RICO violations and on September 9, 1987, he was sentenced to 5 years and fined $250,000.00. He is currently appealing this conviction.

APRIL, 1988

# LEADERSHIP OF GENOVESE ORGANIZED CRIME NETWORK

Prepared by:

City of New York
Police Department
Intelligence Division

GENOVESE
ORGANIZED CRIME NETWORK

APRIL, 1988

| | | |
|---|---|---|
| **FORMER BOSS** | **SALERNO, Anthony**<br>345 East 114th Street<br>New York, NY | DOB 8/15/11<br>NYSID# 2736631 R |

**Salerno** was recently convicted and sentenced to 100 years in Federal Prison in the "COMMISSION TRIAL", which was held in the SDNY.

| | | |
|---|---|---|
| **FORMER UNDERBOSS** | **GIGANTE, VINCENT**<br>225 Sullivan Street<br>New York, NY | DOB 3/29/29<br>B#231328<br>NYSID# 0203570 Q<br>FBI# 5020214 |
| **FORMER UNDERBOSS** | **SANTORA, Saverio**<br>40 Edgewater Lane<br>Great Neck, NY | DOB 6/6/35<br>NYSID# 0931650 K |

He died of natural causes on May 28, 1987.

| | |
|---|---|
| **FORMER CONSIGLIERI** | **UNKNOWN** |

| | | |
|---|---|---|
| **CURRENT BOSS** | **GIGANTE, Vincent**<br>225 Sullivan Street<br>New York, NY | DOB 3/29/28<br>B# 231328<br>NYSID# 0203570 Q<br>FBI# 5020214 |
| **CURRENT UNDERBOSS** | **MANGANO, Venero**<br>2 Charlton Street<br>New York, NY | DOB 9/7/21<br>B# 472098<br>FBI# 780014D |
| **CURRENT CONSIGLIERI** | **MANNA, Louis**<br>2624 Kennedy Blvd.<br>Jersey City, NJ | DOB 12/2/29<br>FBI# 649163A |
| **STREET BOSSES** | **MANNA, Louis** | FBI# 649163A |
| | **CANTERINO, Dominick** | NYSID# 0369689 Z |

GENOVESE
ORGANIZED CRIME NETWORK

APRIL, 1988

**CAPOREGIMA** **ALO, Vincent** DOB 5/26/04
1248 Monroe Street B# 58781
Hollywood, Fl. NYSID# 0176268 H
FBI# 554810

**Alo** is believed to be inactive and that **Guiseppe Spinelli**, DOB 4/2/07, FBI# 552781, is acting in his behalf.

**SPINELLI, Guiseppe** DOB 4/2/07
6122 82nd Street FBI# 552781
Flushing, NY

**CAPOREGIMA** **ARDITO, John Gregory** DOB 10/28/19
20-37 154th Street B# 161139
Whitestone, NY NYSID# 0066155 L
FBI# 1763362

**CAPOREGIMA** **BELLOMO, Liborio, T** (Barney) DOB 1/8/57
40 Forest Drive NYSID# 4001635 Y
Pelham Manor, NY FBI# 835711P9

**CAPOREGIMA** **CANTERINO, Dominic** DOB 6/6/30
181 Bay 41st Street B# 292473
Brooklyn, NY NYSID# 0369689 Z
FBI# 565690A

**CAPOREGIMA** **CONTALDO, Thomas** DOB 12/24/13
2121 Shore Parkway B# 95136
Brooklyn, NY FBI# 477828

It is believed that **Alphonse Malangone** NYSID# 0761255 J, is acting in his behalf.

**MALANGONE, Alphonse** DOB 12/2/36
104 Medford Road NYSID# 0761255 J
Staten Island, NY FBI# 403360M4

GENOVESE
ORGANIZED CRIME NETWORK

APRIL, 1988

CAPOREGIMA **DeFEO, Peter** DOB 3/4/02
79 West 12th Street
New York, NY

It is believed that **Alexander Morelli**, DOB 9/2/39, B# 484381, is acting in his behalf.

**MORELLI, Alexander** DOB 9/2/39
2186 60th Street B# 484381
Brooklyn, NY NYSID# 0862419 J
FBI# 73611E

CAPOREGIMA **GACCIONE, Louis** DOB 5/2/11
1867 Aaron Avenue B# 184327
East Meadow, NY NYSID# 0304363 Q

Gaccione is inactive due to illness, it is believed that **Rosario Gangi**, DOB 11/10/39, B# 600790, is acting in his behalf.

**GANGI, Rosario** DOB 11/10/39
167 28th Avenue B# 600790
Brooklyn, NY FBI# 127177F

CAPOREGIMA **GATTO, Louis** DOB 9/2/16
11-02 First Street FBI# 2084089
Fairlawn, NJ

CAPOREGIMA **GENEROSA, Michael** DOB 3/3/17
9201 Shore Road FBI# 823466
Brooklyn, NY

It is believed that **Generosa** is inactive, and **Charles Tuzzo**, dob 11/22/33, NYSID# 0608968 K, is acting in his behalf.

**TUZZO, Charles** DOB 11/22/33
1385 Broadway B# 389093
Hewlett, NY NYSID# 0608968 K
FBI# 587633D

GENOVESE
ORGANIZED CRIME NETWORK

APRIL, 1988

CAPOREGIMA **GERARDO, Andrew N** DOB 8/9/30
224 Laurel Avenue FBI# 765742B
Livingston, NJ

CAPOREGIMA **IANNIELLO, Matthew** DOB 8/18/20
11 Treadwell Drive FBI# 690429H
Old Westbury, NY

**Ianniello** is currently on appeal on a recent Federal Court case in the SDNY. It is believed that **James Ida**, B# 690802, is acting in his behalf.

**IDA, James** DOB 11/17/39
28 Maretzek Court B# 690802
Staten Island, NY NYSID# 0769672 M
FBI# 79456

CAPOREGIMA **LOIACONO, Joseph** DOB 1/3/07-10/30/07
99 Malone Avenue B# 397598
Staten Island, NY

Data indicates that **Loiacono** recently died of natural causes. However, it can not be confirmed at this time.

CAPOREGIMA **LOMBARDI, Ottaviano** DOB 1/22/24
2236 West 7th Street B# 198210
Brooklyn, NY NYSID# 0129942 R
FBI# 2944137

**Lombardi** died of natural causes on January 8, 1987. It is believed that **Joseph Ruggiero** NYSID# 0044294 L has taken over his crew.

**RUGGIERO, Joseph** DOB 3/24/16
115 Rivingston Avenue B# 118820
Staten Island, NY NYSID# 0044294 L
FBI# 737087

GENOVESE
ORGANIZED CRIME NETWORK

APRIL, 1988

**CAPOREGIMA** **SCIBELLI, Francesco** DOB 9/15/12
6 Meadowlark Lane FBI# 585801
Springfield.Ma.

On October 27, 1987, **Scibelli** was convicted of Racketeering charges in Springfield **Federal** Court. He is currently awaiting sentencing.

APRIL, 1988

# LEADERSHIP OF LUCHESE ORGANIZED CRIME NETWORK

Prepared by:

City of New York
Police Department
Intelligence Division

LUCHESE
ORGANIZED CRIME NETWORK

APRIL, 1988

**BOSS**

**CORALLO, Antonio**
9 Grace Lane
South Oyster Bay Cove, NY

DOB 1/12/13 or
2/12/13
B# 75882

He was recently convicted and sentenced to 100 years in the "COMMISSION TRIAL", which was held in the SDNY. Although he is in Federal Prison, it is believed that he still continues to control this Organized Crime Network.

**UNDERBOSS**

**SANTORA, Salvatore**
90 City Island Avenue
Bronx, NY

DOB 11/18/15
B# 128622

He was recently convicted and sentenced to 100 years in the "COMMISSION TRIAL", which was held in the SDNY. Although he is in Federal Prison, it is believed that he still continues to control this network.

**CONSIGLIERI**

**FURNARI, Christopher**
66 Adams Court
Staten Island, NY

DOB 4/30/24
B# 213639

He was recently convicted and sentenced to 100 years in the "COMMISSION TRIAL" which was held in the SDNY. Although he is in Federal Prison, it is believed that he still continues to control this network.

**INTERIM BOSS**

**AMUSO, Victor**
88-07 156th Avenue
Howard Beach, NY

DOB 11/4/34
B# 322848
NYSID# 0460283 L
FBI# 698774B

**ACTING UNDERBOSS & CONSIGLIERI**

**MACALUSO, Mariano**
144-31 South Drive (10th Ave.)
Whitestone, NY

DOB 6/7/12

LUCHESE
ORGANIZED CRIME NETWORK

APRIL. 1988

| | | |
|---|---|---|
| **STREET BOSS** | **CASSO, Anthony**<br>2148 East 72nd Street<br>Brooklyn. NY | DOB 5/21/40<br>B# 509523<br>NYSID# 0900001 M |
| **CAPOREGIMA** | **ABATE, Joseph F.**<br>8905 Atlantic City Avenue<br>Margate. NJ | DOB 7/8/02<br>FBI# 1-228-812 |
| **CAPOREGIMA** | **ACCETURRO, Anthony**<br>5131 Jackson Street<br>Hollywood. Fl.<br>&<br>PO Box 7088<br>Hollywood. Fl. | DOB 10/16/38<br>FBI# 938611C |
| | He is currently on Federal trial in Newark, New Jersey. | |
| **CAPOREGIMA** | **CASSO, Anthony**<br>2148 East 72nd Street<br>Brooklyn. NY | DOB 5/21/40<br>B# 509523<br>NYSID# 0900001 M |
| **CAPOREGIMA** | **CASTALDI, Samuel**<br>335 Whipple Street<br>Brentwood. NY | DOB 2/26/09<br>B# 254905<br>NYSID# 0257183 M<br>FBI# 4981094 |
| **CAPOREGIMA** | **CAVALIERI, Samuel**<br>149-45 Northern Blvd.<br>Flushing. NY | DOB 4/11/11<br>B# 93580 |
| | He died of natural causes on November 4, 1987. It is not known who has replaced him at this time. | |

LUCHESE
ORGANIZED CRIME NETWORK

APRIL, 1988

**FORMER CAPOREGIMA** — **CICCONE, Anthony** (Antonio) — DOB 7/18/18
67 Wyoming Drive — B# 172419
Huntington Station, NY

He is believed to have replaced **Anthony Luongo**. DOB 10/19/39, B# 393380, who has been missing since November 11, 1986, to date, he has not been officially reported missing. **Anthony Ciccone** died from natural causes in August of 1987. It is not known who has replaced him at this time.

**CAPOREGIMA** — **COCO, Ettore** — DOB 7/18/08
1261 Waring Avenue — B# 96208
Bronx, NY

It was believed that **COCO** was retired and living in Florida. Recent intelligence data indicates that he is back in New York. He has a current NY drivers license. From July to September of 1967, after the death of **Thomas LUCHESE**, he was the **ACTING BOSS** of this network.

**CAPOREGIMA** — **DeLUCA, Richard** — DOB 6/19/34
4 Horizon Road — B# 521879
Fort Lee, NJ — NYSID# 0943275 P
FBI# 486141C

**CAPOREGIMA** — **DiPALERMO, Joseph** — DOB 6/8/07
80 North Moore Street — B# 203135
New York, NY — NYSID# 0112283 M
FBI# 1519166

**DiPalermo** is a Federal Drug Enforcement fugitive since 7/3/86. It is believed that his brother **Peter DiPalermo**, B# 168069 is acting in his behalf.

**DiPALERMO, Peter** — DOB 10/18/14
801 Gramatan Avenue — B# 168069
Mount Vernon, NY — NYSID# 0032992 J
FBI# 518878

LUCHESE
ORGANIZED CRIME NETWORK

APRIL, 1986

CAPOREGIMA **LARATRO, Joseph** DOB 2/17/16
543 Palm Drive NYSID# 1279607 Y
Hallandale, Fl.
&
12 Bouton Road
Lloyd Harbor, NY

Intelligence data indicates that **Laratro**, is semi-retired and it is believed that **Aniello Migliore**, DOB 10/2/33, B# 522599 is acting in his behalf.

**MIGLIORE, Aniello** (Neil) DOB 10/2/33
14 Grace Lane B# 522599
South Oyster Bay Cove, NY
NYSID# 0945003 J
FBI# 284211E

CAPOREGIMA **SALERNO, Michael C.** DOB 3/20/23
10 Dellwood Lane B# 198299
Ardsley, NY

CAPOREGIMA **VARIO, Paul** DOB 7/10/14
132 Island Parkway North B# 98436
Island Park, NY FBI# 516930

**Paul Vario** was found guilty in the "AIRPORT TRIAL" which was held in the EDNY. On December 10, 1986, he was sentenced to serve 6 years consecutively in a Federal Prison. It is believed that his son, **Peter Vario**, B# 563733, is acting in his behalf.

**VARIO, Peter** DOB 6/26/36
968 Hemlock Street B# 563733
Brooklyn, NY NYSID# 0983580 M

APPENDIX "B"

U.S. Department of Justice

*United States Attorney*
*Southern District of New York*

FOR IMMEDIATE RELEASE
FEBRUARY 26, 1985

CONTACT: DENNISON YOUNG, JR.
(212) 791-0060
MICHAEL CHERTOFF
(212) 791-9228

OUTLINE OF AN INDICTMENT

United States v. Anthony Salerno, et al.

A federal grand jury in Manhattan has indicted "the Commission," the ruling council of the Mafia's Five Families in New York and other American cities. The 15 count indictment charges 9 defendants -- the five bosses or acting bosses of the New York Families and four other high ranking Family members -- with participating in the decisions and activities of the Commission. (See Appendix "A" for the Bosses and Acting Bosses of the New York Five Families from 1931 through 1985).

The indictment charges that the Commission regulates the relationships between and among Mafia Families. It also charges that the Commission regulates the Mafia's criminal activities ranging from loansharking and gambling to drug trafficking and labor racketeering; authorizes murders of Mafia members, including the 1979 murder of Carmine Galante, four other specific murders and an attempted murder; and carries on a multi-million dollar extortion scheme, described as "the Club," which dominates the concrete industry.

The five bosses charged in the indictment and their respective Families are as follows (See Appendix "B" for their ages and residences):

Anthony Salerno, a/k/a "Fat Tony," Boss of the Genovese Family

Paul Castellano, a/k/a "Paulie," "Mr. Paul," and "Big Paul," Boss of the Gambino Family

Anthony Corallo, a/k/a "Tony Ducks," Boss of the Lucchese Family

Philip Rastelli, a/k/a "Rusty," Boss of the Bonanno Family

Gennaro Langella, a/k/a "Gerry Lang," Acting Boss of the Colombo Family.

The four other alleged members or associates of the Commission charged in the indictment and their respective Family affiliations and positions are:

Aniello Dellacroce, a/k/a "Neil," and "O'Neil," the Underboss of the Gambino Family

Salvatore Santoro, a/k/a "Tom Mix," the Underboss of the Lucchese Family

Christopher Furnari, a/k/a "Christie Tick," the Consigliere of the Lucchese Family

Ralph Scopo, a member of the Colombo Family and President of the Concrete Workers District Council, Laborers International Union of North America.

FBI Director William H. Webster said that "this indictment is historic. It exposes the structure and leadership of organized crime on a scale never done before. It alleges not only the activities regulated and authorized by the Commission, but also a 54-year history of the Commission's role in facilitating the illegal activities of La Cosa Nostra."

Assistant Attorney General Steven S. Trott, who is in charge of the Criminal Division in the Department of Justice, said that "this case, the other major Mafia cases in New York and throughout the United States and the on-going cooperation between the United States and Italy in the war against organized crime were all developed under the leadership of former Attorney General William French Smith."

"Bill Smith has left an impressive legacy," Mr. Trott noted. He emphasized that "the new Attorney General, Edwin Meese, will continue unabated the national and international pressure on organized crime."

The formal investigation commenced 19 months ago. The investigation was coordinated and personally supervised by the United States Attorney in the Southern District of New York, Rudolph W. Giuliani, along with Assistant United States Attorney Michael Chertoff who presented the case to the grand jury.

Mr. Giuliani said that "it would have been impossible to put this case together without a monumental team effort."

"Within the United States Attorney's Office almost every Assistant in the Organized Crime Unit made substantial contributions to the case. Walter Mack, who was Chief of the Unit, and Barbara S. Jones, the current Chief, deserve particular credit for supervising these efforts," Mr. Giuliani said.

The primary investigative agency was the FBI. It was the FBI in New York that obtained the first tape recorded descriptions relevant to the activities of the Commission. Moreover, it was the investigative plan developed jointly by the U.S. Attorney's Office and the FBI Office in New York that was followed throughout. The FBI surveillances supply the largest support for the case. Mr. Giuliani said that "he and his Assistants are proud to be involved with Tom Sheer, FBI Special Agent in Charge of the Criminal Division in New York, and all the dedicated, talented and brave agents who are in the front-lines."

On the federal level, the United States Attorney's Office in the Eastern District of New York under Raymond J. Dearie and the Strike Force under Edward A. McDonald lent substantial assistance.

From the outset, Attorney General Smith was briefed on the investigative plan. Assistant Attorney General Trott was selected as the primary contact.

Mr. Giuliani said that "Steve Trott and the Criminal Division lent not only support but judgment and expertise to the task force effort. Without their active participation, it would have been impossible to develop these charges."

Mr. Giuliani reserved particular praise for the contribution of District Attorney Elizabeth Holtzman, of Kings County, New York City Police Commissioner Benjamin Ward and New York State Deputy Attorney General Ronald Goldstock.

Assistant District Attorneys and detectives from the Brooklyn District Attorney's office worked in full partnership with the U.S. Attorney's office in developing the case, in particular the charges relating to the Carmine Galante murder contained in this indictment and in the Badalamenti indictment returned last week. Assistant District Attorney John Gilmore Childers, who has been cross-designated a Special Assistant U.S. Attorney, is working on this case.

Mr. Giuliani said that "District Attorney Holtzman and her office are entitled to great credit for the development of this case, as they were for the development of the Castellano case."

District Attorney Holtzman noted that "I am proud of the vital contribution my office made to the Indictment by the grand jury in connection with the killing of Carmine Galante. A joint federal-state effort in the prosecution of this landmark case was essential because New York State law ties the hands of prosecutors when it comes to prosecuting organized crime enterprises."

This investigation could not, however, have been put together without the help of the New York Police Department. Police Commissioner Ward assigned some of the Department's top experts on organized crime to the investigative effort. Chief of Detectives Richard Nicastro and Chief of the Organized Crime Control Bureau Raymond Jones were both heavily involved as were detectives under their command.

Mr. Giuliani also commended New York State Attorney General Robert Abrams, New York State Superintendent of Police Donald Chesworth and Ronald Goldstock, Deputy Attorney General in charge of the New York State Organized Crime Task Force, and members of his office.

"In turning over to the federal government significant evidence gathered by his office and the State Police, Mr. Goldstock put the public good ahead of any narrower concerns." Mr. Guiliani continued, "Mr. Goldstock's contributions and those of his office to this and related cases are of prime importance. Without them these cases would not have reached the levels so far achieved.

## Description of the Indictment

The indictment charges that from 1900 to the present there existed a nationwide criminal society known as La Cosa Nostra or the Mafia, which operated throughout the United States through entities known as "Families". Each Family had as its leader a person known as a "Boss," a deputy leader known as an "Underboss" and a high ranking official known as a "Consigliere". Families also included officers known as "Capos," members known as "Soldiers," and "Associates". The Boss, assisted by the Underboss and the Consigliere, supervised, promoted, and protected the criminal activities of the Capos, Soldiers and Associates, and, in return, received a part of the illegal earnings of those Capos, Soldiers and Associates.

According to the indictment, five La Cosa Nostra Families are based in New York City, although they also operate throughout the United States and abroad. Each of these families is often identified by the name of a former Boss. In the indictment they are identified as the Genovese Family, the Gambino Family, the Colombo Family, the Lucchese Family and the Bonanno Family (See Appendix B for a list of bosses of the five New York Families from 1931 to 1985).

The indictment also alleges that in or about 1931, the Bosses of the Five Families in New York and several other powerful La Cosa Nostra Families associated to form the

"Commission" to serve as their council. From 1931 to the present, the Commission had the power to resolve disputes and to regulate relations between and among La Cosa Nostra Families. The Commission was comprised of Bosses and Acting Bosses, acting in concert with other high-ranking officers, from the five New York La Cosa Nostra Families, as well as at various times Family Bosses from Buffalo, Chicago, Detroit, Philadelphia and New Jersey.

Specifically, the indictment alleged that the Commission:

- Promoted and carried out joint ventures between La Cosa Nostra Families to obtain money through illegal ventures, including "the Club," a scheme to control concrete contractors and allocate concrete contract payoffs in New York City;

- Resolved disputes and regulated relationships between and among Families concerning illegal activities including loansharking, gambling, drug trafficking and infiltration of labor unions;

- Extended formal recognition to newly-elected Bosses;

- Maintained order between and among Families by measures including authorizing the murder of high ranking Family members;

- Approved the initiation or "making" of new Family members;

- Controlled relations with the Sicilian La Cosa Nostra or Mafia, a separate enterprise;

- Established certain rules governing leaders and members of La Cosa Nostra;

- Kept persons inside and outside La Cosa Nostra in fear of the Commission by identifying the Commission with threats, violence and murder.

According to the indictment, the Commission established a massive extortion and bid rigging scheme -- called "the Club" -- involving certain construction contractors who poured concrete. Each of the defendants, except Philip Rastelli, is charged with personal involvement in controlling the allocation of contracts to pour concrete on construction jobs where the value of the concrete conract exceeded two million dollars.

The Commission would designate the contractor to make the successful bid on a particular contract. Often other concrete contractors were directed to submit bids higher than that of the designated winner. The Commission enforced the rules of the "Club" with the threat of punishing disobedient contractors, by causing the contractors' supplies of cement to be stopped, or by causing certain labor union leaders to create "labor problems" for the contractors. The Commission exploited its control over these concrete pouring contractors in order to extort payoffs, including payments made directly to Ralph Scopo, president and business manager of the Cement and Concrete Workers District Council, Laborers International Union of North America, 91-31 Queens Boulevard, Elmhurst, Queens, New York.

The indictment charges specifically that during a two and one half year period over $1,272,000 in payoffs were extorted by the Commission from the following companies: X.L.O. Concrete Corporation, Century-Maxim Construction Corporation, Cedar Park Concrete Corporation, Northberry Concrete Corporation, G&G Concrete Corporation, and S&A Concrete Company, Inc. Many millions of dollars of concrete work were controlled by the Commission through this scheme.

The indictment also alleges that the Commission authorized murders to keep order among Families and their members. The Commission is alleged to have authorized four specific murders and one attempted murder.

In particular, the Commission is alleged to have resolved a leadership dispute within the Bonanno Family, and between the Bonanno Family and other Families, by authorizing the murders of Carmine Galante, a/k/a "Lilo," who was Boss of the Bonanno Family, and Leonard Coppola. As alleged in the recent superseding indictment handed down in the Southern District of New York in United States v. Gaetano Badalamenti, SS 84 Cr. 236 (PNL), Galante was slain on July 12, 1979, at a restaurant in Brooklyn, New York. Named in the Badalamenti indictment as conspiring to participate in the murder are Baldassare Amato, Cesare Bonventre, and Santo Giordano, among others. According to the Badalamenti indictment, until his death Galante controlled a "Sicilian Faction" of the Bonanno Family which was engaged in narcotics trafficking.



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The Commission is also alleged to have authorized the murders of three capos in the Bonanno Family -- Alphonse Indelicato, a/k/a "Sonny Red," Dominic Trinchera, a/k/a "Trin," Philip Giaccone, a/k/a "Philly Lucky," -- and the attempted murder of Anthony Indelicato, a/k/a "Bruno," a soldier in the Bonanno Family. In a 1982 trial in the Southern District of New York, Benjamin "Lefty" Ruggiero and Nicholas Santora were convicted of conspiring to participate in the 1981 killings of Alphonse Indelicato, Trinchera and Giaccone. At that trial, the Government established that a "crew" of the Bonanno Organized Crime Family actually carried out the three murders.

As Appendix C details, all defendants are charged with participating and conspiracy to participate in the conduct of the affairs of the Commission racketeering enterprise. In addition, all defendants, except Rastelli, are named in the ten extortion and three labor bribery counts of the Indictment.

APPENDIX "A"

Bosses Or Acting Bosses Of The New York City La Cosa Nostra Families (1931-1985)

| I | II |
|---|---|
| Charles Luciano a/k/a "Charlie Lucky" | Frank Scalise |
| Frank Costello | Vincent Mangano |
| Vito Genovese | Albert Anastasia a/k/a "The Earthquake" |
| Frank Tieri a/k/a "Funzi" | Carlo Gambino a/k/a "Carl" |
| Anthony Salerno a/k/a "Fat Tony" | Paul Castellano a/k/a "Paulie" a/k/a "Mr. Paul" a/k/a "Big Paul" |

III

Joseph Profaci

Salvatore Magliocco

Joseph Colombo

Carmine Persico a/k/a "Junior"

Thomas DiBella

Gennaro Langella a/k/a "Gerry Lang"

| IV | V |
|---|---|
| Gaetano Gagliano | Angelo Caruso |
| Thomas Lucchese a/k/a "Tommy Brown" | Joseph Bonnano |
| Anthony Corallo a/k/a "Tony Ducks" | Carmine Galante |
| | Philip Rastelli a/k/a "Rusty" |

APPENDIX "B"

| NAME | ADDRESS | DATE OF BIRTH | AGE |
|---|---|---|---|
| Anthony Salerno | RD #1 Oriole Hill Road<br>Rhinebeck, New York | 8/11/11 | 73 |
| Paul Castellano | 177 Benedict Road<br>Staten Island, New York | 6/26/15 | 69 |
| Aniello Dellacroce | 597 W. Fingerboard Road<br>Staten Island, New York | 3/15/14 | 60 |
| Gennaro Langella | 1617 Cropsey Avenue<br>Brooklyn, New York | 12/30/38 | 46 |
| Anthony Corallo | 9 Grace Court<br>S. Oyster Bay Cove, New York | 1/12/13 | 72 |
| Salvatoro Santoro | 90 City Island Avenue<br>Bronx, New York | 11/18/15 | 69 |
| Christopher Furnari | 66 Adams Court<br>Staten Island, New York | 4/30/24 | 60 |
| Philip Rastelli | 473 Vandervoort Avenue<br>Brooklyn, New York | 1/13/18 | 67 |
| Ralph Scopo | 159-51 91st Street<br>Howard Beach, New York | 11/20/28 | 56 |

## APPENDIX "C"

### OUTLINE OF INDICTMENT CHARGES

| COUNT | DEFENDANTS | CHARGE | PENALTY |
|---|---|---|---|
| 1 | All Defendants | Racketeering Conspiracy 18 U.S.C. § 1962(d) | 20 yrs/$25,000 |
| 2 | All Defendants | Engaging In A Racketeering Enterprise 18 U.S.C. § 1962(c) | 20 yrs/$25,000 |
| 3 | Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | Extortion 18 U.S.C. § 1951 | 20 yrs/$10,000 |
| 4 | Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Chrisopher Furnari<br>Ralph Scopo | Extortion 18 U.S.C. § 1951 | 20 yrs/$10,000 |
| 5 | Ralph Scopo<br>Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari | Labor Payoffs 29 U.S.C. § 186(b)1 18 U.S.C. § 2 | 1 yr/$10,000 |
| 6 | Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | Extortion | 20 yrs/$10,000 |

| COUNT | DEFENDANTS | CHARGE | PENALTY |
|---|---|---|---|
| 7 | Ralph Scopo<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | 28 U.S.C. § 186(b)1<br>18 U.S.C. § 2 | 20 yrs/$10,000 |
| 8 | Ralph Scopo<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | Extortion<br>18 U.S.C. § 1951 | 20 yrs/$10,000 |
| 9 | Ralph Scopo<br>Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari | Labor Payoffs<br>29 U.S.C. § 186(b)1<br>18 U.S.C. § 2 | 1 yr/$10,000 |
| 10 | Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | Extortion<br>18 U.S.C. § 1951 | 20 yrs/$10,000 |
| 11 | Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | Extortion<br>18 U.S.C. § 1951 | 20 yrs/$10,000 |

| COUNT | DEFENDANTS | CHARGE | PENALTY |
|---|---|---|---|
| 12 | Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | Extortion<br>18 U.S.C. § 1951 | 20 yrs/$10,000 |
| 13 | Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | Extortion<br>18 U.S.C. § 1951 | 20 yrs/$10,000 |
| 14 | Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | Extortion<br>18 U.S.C. § 1951 | 20 yrs/$10,000 |
| 15 | Anthony Salerno<br>Paul Castellano<br>Aniello Dellacroce<br>Gennaro Langella<br>Anthony Corallo<br>Salvatore Santoro<br>Christopher Furnari<br>Ralph Scopo | Extortion<br>18 U.S.C. § 1951 | 20 yrs/$10,000 |

EXHIBIT NO. 40

STATEMENT OF JACK E. SWAGERTY
ASSISTANT CHIEF POSTAL INSPECTOR, CRIMINAL INVESTIGATIONS
BEFORE THE SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS
APRIL 11, 1988

THE U. S. POSTAL SERVICE APPRECIATES THE OPPORTUNITY TO HAVE THE FOLLOWING TESTIMONY REGARDING ORGANIZED CRIME SUBMITTED FOR THE RECORD. SPECIFICALLY, THE POSTAL SERVICE WHOLEHEARTEDLY SUPPORTS THE ATTORNEY GENERAL'S EFFORTS IN ESTABLISHING STRIKE FORCES, WHICH CONSIST OF JUSTICE DEPARTMENT ATTORNEYS AND AGENTS FROM THE VARIOUS FEDERAL LAW ENFORCEMENT AGENCIES, AS AN EFFECTIVE METHOD TO FIGHT ORGANIZED CRIME.

IT IS POSTAL SERVICE POLICY TO PARTICIPATE IN THE STRIKE FORCES TO THE EXTENT THAT THERE APPEARS TO BE A POSTAL RELATED VIOLATION. IN EACH CITY WHERE THERE IS A STRIKE FORCE, THE INSPECTION SERVICE HAS ASSIGNED POSTAL INSPECTORS TO SERVE AS STRIKE FORCE REPRESENTATIVES. IN ADDITION, WE HAVE A NATIONAL REPRESENTATIVE FOR THE STRIKE FORCE PROGRAM IN WASHINGTON, D.C. THESE INSPECTORS ATTEND SCHEDULED STRIKE FORCE MEETINGS AND BRIEFINGS IN THEIR AREAS. WHENEVER A STRIKE FORCE ATTORNEY IDENTIFIES A CASE WHICH APPEARS TO INVOLVE A POSTAL RELATED VIOLATION, SUCH AS MAIL FRAUD, WE WILL PROVIDE AN INSPECTOR TO INVESTIGATE THE ALLEGATIONS.

EACH STRIKE FORCE HAS ITS OWN PERSONALITY AND AREAS OF EMPHASIS DEPENDING ON GEOGRAPHIC LOCATION. IN SOME CITIES, SUCH AS HOUSTON AND CLEVELAND, OUR

INVOLVEMENT IS MINIMAL BECAUSE FEW ORGANIZED CRIME CASES HAVE BEEN IDENTIFIED AS INVOLVING POSTAL RELATED CRIMES. IN OTHER CITIES, WE DEVOTE SUBSTANTIAL RESOURCES TO STRIKE FORCE INVESTIGATIONS. IN NEW YORK, FOR INSTANCE, THIS PAST YEAR ALONE TWO INSPECTORS DEVOTED ALMOST 1,000 HOURS TO STRIKE FORCE INVESTIGATIONS.

TWO OF OUR MOST NOTABLE CASES HAVE OCCURRED IN NEW YORK CITY. IN MARCH 1986, A TEAM OF POSTAL INSPECTORS, WORKING WITH THE ORGANIZED CRIME STRIKE FORCE OF THE SOUTHERN DISTRICT OF NEW YORK, EXECUTED A FEDERAL SEARCH WARRANT ON THE PREMISES OF STAR DISTRIBUTORS, LTD., ALLEGEDLY ONE OF THE LARGEST NATIONWIDE DISTRIBUTORS OF PORNOGRAPHY. SEIZED DURING THE SEARCH WERE NUMEROUS BUSINESS RECORDS PERTAINING TO THE COMPANY'S CHILD PORNOGRAPHY INVOLVEMENT, AND TWO DUMPSTERS OF CHILD PORNOGRAPHY. THE OPERATOR OF STAR DISTRIBUTORS, A REPUTED CAPTAIN OF AN ORGANIZED CRIME FAMILY, DISAPPEARED ON JUNE 7, 1986; HOWEVER, PROSECUTION OF THE CASE CONTINUES. THE OTHER CASE LED TO THE INDICTMENT OF 21 ASSOCIATES OF THE GAMBINO ORGANIZED CRIME FAMILY ON NUMEROUS CHARGES INCLUDING MAIL FRAUD, INTERSTATE TRANSPORTATION OF STOLEN PROPERTY, CONSPIRACY, AND 25 HOMICIDES. A SUBSEQUENT INDICTMENT RESULTED IN 11 DIFFERENT RACKETEERING CONSPIRACY CHARGES OF THESE SAME INDIVIDUALS. SINCE THE TRIAL ON THE INITIAL CHARGES BEGAN IN SEPTEMBER 1985, EIGHT DEFENDANTS HAVE BEEN CONVICTED, EIGHT ARE AWAITING TRIAL, AND THREE ARE FUGITIVES OR ARE BELIEVED DEAD.

WE HAVE ALSO HAD SUCCESS WITH INVESTIGATIONS IN OTHER CITIES. THIS PAST JANUARY, IN ROCHESTER, NEW YORK, A FEDERAL GRAND JURY RETURNED A THREE-COUNT INDICTMENT CHARGING JOSEPH DIBATTISTO, AN INDIVIDUAL WITH ALLEGED ORGANIZED CRIME TIES, WITH MAIL FRAUD AND CONSPIRACY. THE INDICTMENT CHARGED THAT

DiBattisto and an un-named co-conspirator devised a scheme to defraud two insurance companies by purchasing insurance policies worth $1.7 million on the life of a business associate. DiBattisto and his co-conspirator were accused of striking the business associate on the head, and then putting his body under a 10-ton curb-paving machine, crushing him to death. The co-conspirator has since died of natural causes, while DiBattisto awaits sentencing after entering a guilty plea before a U.S. District Judge in Rochester on October 19, 1987.

In Philadelphia, three persons were convicted on charges of mail fraud, interstate transportation of stolen property and violation of the RICO statute for their involvement in the sale of small snack store franchises. Advance fees were collected from clients, but services were never rendered. The convicted persons were ordered to make combined restitution of $234,054.05, and sentenced to five years probation.

In Kansas City, a case is now before a grand jury, which we believe will result in a mail fraud indictment against an Organized Crime figure who is accused of defrauding two insurance companies through arson. Although the Postal Service is the lead investigating agency in this case, we have received invaluable assistance and information from the Bureau of Alcohol, Tobacco and Firearms.

The cooperation fostered by each agency contributing a different area of expertise to the Strike Force produces an organized effort which gets results, namely charges and convictions. However, we believe that Strike Force results could be even more impressive if the investigations were

EXPANDED TO INCLUDE MORE NON-TRADITIONAL CASES. EXPANDING THE SCOPE OF THE STRIKE FORCES WOULD ENSURE THAT ALL ORGANIZED CRIME IS GIVEN PRIORITY ATTENTION FROM THE FEDERAL INVESTIGATIVE COMMUNITY.

FOR INSTANCE, SINCE 1985, THE LOS ANGELES OFFICE OF THE POSTAL INSPECTION SERVICE HAS INVESTIGATED EIGHT "NONTRADITIONAL" ORGANIZED CRIME CASES RELATIVE TO THE CRIMINAL ACTIVITIES OF A HUNGARIAN GROUP WHICH INCLUDE TELEPHONE BOILER ROOM SALES PROMOTING AD SPECIALTIES OR SWEEPSTAKES OFFERINGS. EACH CASE RESULTED IN THE CONVICTION OF ONE OR MORE PERSONS FOR MAIL FRAUD OR CONSPIRACY, WITH SENTENCES RANGING FROM PROBATION TO FIVE YEARS IMPRISONMENT.

A 1986 UNDERCOVER OPERATION BY POSTAL INSPECTORS IN HOUSTON LED TO THE ARREST, INDICTMENT, AND IMPRISONMENT OF 20 MEMBERS OF A NIGERIAN ORGANIZED CRIME GROUP THAT WAS RESPONSIBLE FOR INTERSTATE CREDIT CARD THEFTS. DURING THE ARRESTS, LAW ENFORCEMENT AGENTS RECOVERED APPROXIMATELY $200,000 IN STOLEN PROPERTY, $10,000 IN CURRENCY, 2,000 PIECES OF STOLEN MAIL, 38 STOLEN CREDIT HISTORY FILES, PLUS COUNTERFEIT BIRTH CERTIFICATES, DRIVERS LICENSES, PASSPORTS AND OTHER BOGUS IDENTIFICATIONS. UP TO THE TIME OF THE ARRESTS, THE POSTAL INSPECTION SERVICE WAS THE ONLY AGENCY INVOLVED IN THE INVESTIGATION. THE ARREST TASK FORCE, HOWEVER, WAS COMPRISED OF POSTAL INSPECTORS, IMMIGRATION AND NATURALIZATION SERVICE AGENTS, BORDER PATROL OFFICERS, AND HOUSTON POLICE.

IN ANOTHER CASE, ON APRIL 19, 1986, A FEDERAL GRAND JURY IN THE WESTERN DISTRICT OF NEW YORK RETURNED A 15-COUNT INDICTMENT CHARGING EIGHT PERSONS WITH VARIOUS COUNTS PERTAINING TO ROBBERY, THREATENING A GOVERNMENT WITNESS,

AND THE NEGOTIATION AND DISTRIBUTION OF AMERICAN EXPRESS TRAVELERS CHECKS. THIS CASE INVOLVED THE 1984 ARMED HIJACKING OF A CONTRACT MAIL VEHICLE BY MEMBERS OF A HELLS ANGELS MOTORCYCLE CLUB IN BERGEN, NEW YORK.

THREE REGISTERED PARCELS AND ONE MULTI-PURPOSE CONTAINER STORING MOSTLY PRECIOUS METALS AND JEWELRY WERE STOLEN. AMONG THE STOLEN ITEMS WAS $221,000 IN NEGOTIABLE AMERICAN EXPRESS TRAVELERS CHECKS. BEFORE THEIR ARRESTS, THE DEFENDANTS NEGOTIATED $71,000 WORTH OF THESE CHECKS. THUS FAR, THREE OF THOSE ARRESTED HAVE BEEN SENTENCED TO TWENTY YEARS OR MORE IN PRISON. THE ARRESTS WERE THE CULMINATION OF A THREE YEAR TASK FORCE OPERATION BY POSTAL INSPECTORS, THE ROCHESTER POLICE DEPARTMENT, AND THE NEW YORK STATE POLICE.

THE POSTAL SERVICE HAS HAD POSITIVE EXPERIENCES IN OUR RELATIONSHIPS WITH THE VARIOUS STRIKE FORCES. AMONG THE BENEFITS HAVE BEEN THE COOPERATION AMONG AGENCIES, AND THE RESULTANT INCREASED RESOURCES AVAILABLE FOR FIGHTING ORGANIZED CRIME. WE HAVE FOUND UNIFORM SUCCESS IN WORKING WITH THE STRIKE FORCE ATTORNEYS; IT HAS NOT MATTERED, AS FAR AS EFFECTIVENESS IS CONCERNED, WHETHER THE STRIKE FORCE ATTORNEY REPORTS TO A LOCAL U.S. ATTORNEY OR DIRECTLY TO THE DEPARTMENT OF JUSTICE. WE ENCOURAGE THE CONTINUATION OF THE STRIKE FORCES AND LOOK FORWARD TO CONTINUING TO BE A PART OF THIS EFFECTIVE LAW ENFORCEMENT INITIATIVE.

**EXHIBIT NO. 41**

COMMISSIONER OF CUSTOMS STATEMENT

MR. CHAIRMAN, AS PER YOUR REQUEST, THIS IS MY WRITTEN TESTIMONY FOR YOUR INVESTIGATION INTO THE ACTIVITIES OF THE LA COSA NOSTRA. THIS STATEMENT, WHICH IS INTENDED FOR INSERTION INTO THE FINAL HEARING RECORD, CHRONICLES THE EFFORTS OF THE U. S. CUSTOMS SERVICE IN THE FEDERAL, STATE AND LOCAL ENFORCEMENT EFFORT TO EFFECTIVELY THWART AND DESTROY THIS INSIDIOUS ILLICIT PROFITEERING ENTERPRISE.

ORGANIZED CRIME IS A SELF-PERPETUATING, STRUCTURED AND DISCIPLINED ASSOCIATION OF INDIVIDUALS, OR GROUPS COMBINED TOGETHER FOR THE PURPOSE OF OBTAINING MONETARY OR COMMERCIAL GAINS OR PROFITS, WHOLLY OR IN PART BY ILLEGAL MEANS, WHILE PROTECTING THEIR ACTIVITIES THROUGH A PATTERN OF GRAFT AND CORRUPTION.

SINCE ITS ESTABLISHMENT IN 1789, THE CUSTOMS SERVICE HAS HAD, AS ITS PRIMARY MISSION, THE COLLECTION OF REVENUE FROM IMPORTS AND THE ENFORCEMENT OF CUSTOMS AND RELATED LAWS, OF WHICH CUSTOMS ENFORCES APPROXIMATELY 400 STATUTORY AND REGULATORY REQUIREMENTS ON BEHALF OF APPROXIMATELY 40 FEDERAL AGENCIES. IN CUSTOMS' ROLE AS A LAW ENFORCEMENT AGENCY, ONE OF OUR PRIORITIES IS THE COMMITMENT OF AVAILABLE RESOURCES TO ASSIST IN COMBATTING THE ORGANIZED CRIMINAL ELEMENT.

Organized crime, both traditional and non-traditional, plays a large role in all aspects of illicit narcotics trafficking, and the various operational elements of the Customs Service each play a role in the identification and tracking of known organized crime members entering and leaving the United States. Because of organized crime involvement in the illicit narcotics traffic, the detailed knowledge of the movements of these individuals is essential to the successful suppression and elimination of this threat to our society.

Presently, non-traditional organized criminal groups are presenting the biggest threat to Customs law enforcement efforts. Of these non-traditional criminal groups, the ones posing the greatest threat are the Colombian and Mexican cocaine cartels. These organizations, because of their control over all aspects of the cocaine traffic, are spreading their operations to all parts of the United States. The Southern Florida area still represents the largest concentration of these groups. However, the West Coast and the Southern border area of the United States are important because they are so vulnerable to the threat of air smuggling.

In addition, the Southwest border is very vulnerable to smuggling via land.

This is not to say, however, that traditional organized crime is no longer a problem. Traditional organized crime still exists, and while recent prosecutions of members of these organizations have had an effect on these groups, they have by no means been completely disrupted.

In 1966, the Federal Government established the Federal Organized Crime Strike Force Program. This program, under the U. S. Department of Justice, brought together, in select targeted cities, criminal investigators from all the major Federal agencies charged with enforcing the various sections of the United States Criminal Codes. In addition, State and local law enforcement officers have participated in these organized crime investigations. Because the traditional organized criminal groups are multinational in nature, we have also had excellent results in investigations with the cooperation of the Royal Canadian Mounted Police.

Since the inception of the Strike Force concept, Customs Special Agents have been an integral part of these groups and, with the support of other Customs elements, have made, and continue to make, significant contributions to the Strike Force Program.

These efforts include investigations into cargo theft, violations of the Bank Secrecy Act (both narcotic and non-narcotic related), and labor racketeering violations.

Customs contribution to the Government's battle against organized crime remains high. During the last several years, we have conducted a number of highly significant organized crime investigations.

Most of these investigations have been in cooperation with other federal law enforcement agencies. Below are brief synopses of several of our more important investigations. These investigations are separated chronologically by office.

In the spring of 1983, an undercover police officer with the New York Police Department, Brooklyn Narcotics Squad, was purchasing small amounts of heroin through low-level narcotics dealers. Subsequent investigation by the NYPD and the Office of the New York City Special Narcotics Prosecutor succeeded in identifying Calogero SALEMI and Salvatore BARTOLOTTA as the individuals directly supplying the undercover police officer.

They also identified Lorenzo SCADUTO and his father-in-law Filippo RAGUSA as the principals in the heroin distribution network. With this information, the New York Police Department and the Special Prosecutors Office contacted U. S. Customs, the Federal Bureau of Investigation and the United States Attorney for the Southern District of New York and proposed a joint investigation.

To facilitate the investigative efforts, the Brooklyn Narcotics Squad's members were deputized as Special Deputy United States Marshals. Additionally, by working together, there was an increased capability for surveillances, as well as the additional possibility of interstate and international law enforcement involvement.

As the investigation proceeded, the FBI's Buffalo New York Office notified the New York City agents that RAGUSA was planning to import a large shipment of heroin from Italy. This shipment was to arrive around September 1983. Based on this information, investigation was initiated on Andreas AIELLO, a RAGUSA associate who had a tile importing business in the Niagara Falls, New York area. Investigation revealed that RAGUSA was going to utilize a tile shipment to AIELLO to import the heroin. Customs then undertook the task of identifying all the shipments of tile being imported by AIELLO.

On September 12, 1983, Customs identified and seized a shipment of 18 kilograms of heroin at Port Elizabeth, New Jersey. The heroin was secreted within the wooden pallets of a tile shipment that was consigned to AIELLO in Buffalo, New York. At this point, the agencies and prosecutors agreed unanimously that the heroin would be substituted and a controlled delivery of the tile shipment attempted.

The controlled delivery was made by Customs and the FBI to AIELLO's warehouse in Buffalo. On September 19, 1983, SCADUTO, accompanied by two Sicilians, Domenico LOGALBO and Pietro GRAFFEO, travelled from New York City to Buffalo to retrieve the heroin from the shipment.

Shortly after the shipment was returned to New York City, RAGUSA interposed himself directly into the importation and distribution efforts. Under the supervision of the Southern District of New York and the Special Prosecutors Office, arrest and search warrants were prepared and obtained in both the Southern District of New York and the Eastern District of New York. The resulting searches and arrests were made jointly by both Federal and City officers. They resulted in five arrests, the seizure of an additional 8 kilograms of heroin and detailed records of RAGUSA's continuing criminal enterprise.

On November 19, 1984, within the Eastern District of New York Andreas AIELLO was sentenced to 26 years incarceration, 15 years special parole, and fined $76,000. Francesca BARTOLOTTA was sentenced to five years in prison and fined $7,500.

On November 21, 1984, within the Eastern District of New York, Lorenzo SCADUTO was convicted of narcotics violations and operating a continuing criminal enterprise. He was sentenced to a total of 64 years imprisonment and fined $200,000. Filippo RAGUSA, indicted for the same charges, remains a fugitive.

The New York office was also involved in a joint investigation with the Federal Bureau of Investigation into the activities of a faction of the BONANNO Organized Crime Family. This faction, headed by Salvatore CATALANO was deeply involved in a massive heroin importation and distribution network in the United States. CATALANO's heroin business was tied directly to organized criminal groups in Sicily, the Italian mainland, Switzerland and Brazil. The investigation also established that the United States heroin business generated large amounts of cash and included a variety of highly sophisticated means of investment and money laundering. Millions of dollars were transferred from the United States to Switzerland and Italy for the payment of past and future heroin shipments, as well as for foreign investment in legitimate and illegitimate enterprises.

On March 2, 1987, after seventeen months of trial, the "Pizza Case" was finally concluded. The jury found eighteen of the nineteen defendants guilty of various narcotic and currency violations.

Commencing in November 1983, officers of the Ontario Provincial Police and the Toronto Metro Police conducted an extensive cocaine investigation. During 1985, the Customs office in Buffalo and the FBI assisted the Canadian authorities in the investigation. All persons targetted were high level organized crime figures, many with extensive criminal histories. Through extensive use of Canadian and U.S. undercover officers, inroads into organized crime were made, resulting in significant drug purchases. During the invfstigation, Canadian organized crime figures began preparation for the transshipment of U. S. goods through Canada to Nicaragua. In July 1985, in furtherance of the conspiracy, suspect Melvyn BERNSTEIN travelled to the United States with an undercover Ontario Provincial Police officer. In a separate aspect of the operation, Canadian Organized Crime figures were to purchase 10 kilograms of cocaine from an undercover Federal Bureau of Investigation agent. This sale was cancelled when the undercover Ontario officer discovered that two Montreal "hit" men were to "rip off" and murder the FBI agent.

On September 24, 1985, approximately 325 Canadian law enforcement officers executed apppoximately 40 search warrants throughout the Province of Ontario. By the evening of September 24, 1985, 51 suspects had been apprehended with an additional 20 warrants to be served. One of the individuals arrested was Melvyn BERNSTEIN. All suspects were charged with the sale of pound quantities of cocaine.

Also in 1985, the Buffalo office investigated currency violations by Vincent CACI, a Los Angeles La Casa Nostra figure. CACI was attempting through threats of violence to collect $50,000 from Donald PRESSEY, a Toronto, Canada businessman involved in counterfeiting and drugs. The $50,000 was from a debt owed to CACI from a drug sale. CACI was ultimately convicted for violations of Title 31, and was sentenced to three years incarceration. In June 1987, Donald PRESSEY was cited for contempt by the Canadian government for refusing to testify before the Canadian Rogatory Commission. Four Buffalo LCN associates are currently under indictment for assisting CACI in the movement of the currency.

Since August 1986, the Buffalo, New York office has been investigating the narcotics distribution activities of John ANTICOLI, a Buffalo, New York La Cosa Nostra associate.

The investigation has been designated as an Organized Crime Drug Enforcement Task Force case and involves the participation of the Federal Bureau of Investigation, the Drug Enforcement Administration, Internal Revenue Service, Royal Canadian Mounted Police, Ontario Provincial Police and the New York Organized Crime Task Force. To date, the investigation has resulted in the arrest of four individuals, the seizure of 275 pounds of marijuana and the seizure of $37,600 in currency. The investigation is continuing and there is an outstanding arrest warrant for the Cuban supplier of the marijuana and cocaine. Subsequent to his April 23, 1987, arrest for marijuana trafficking, ANTICOLI admitted to being the largest cocaine distributor in Western New York.

In 1983, the Boston District Financial Investigative Task Force, which included Special Agents from Customs and the Internal Revenue Service's Criminal Investigation Division, initiated an investigation into violations of Title 31 by two banking institutions in the Boston area. The investigations revealed CTR violations against both institutions for not properly filing Currency Transactions Reports.

One hundred and three of these transactions, totaling $1.7 million, involved the purchase of chashier's checks with currency for the Genaro ANGUILLO organized crime family at the BANK OF BOSTON (formerly the First National Bank of Boston). In addition, the investigation disclosed that the BANK OF BOSTON had failed to file 1,163 currency transaction reports on cash transactions with foeign correspondent banks. The Bank of Boston pled guilty and paid a $500k criminal fine.

In addition, as part of these investigations, two officers of the AUSONIAN CREDIT UNION pled guilty to failing to file 31 Currency Transaction Reports totaling $925,000.

The Internal Revenue Service charges against the ANGUILLO family were not pursued due to the convictions for gaming, loansharking and RICO violations. Genaro ANGUILLO is presently awaiting trial in Massachusetts.

In 1982, the Customs office in Seattle, Washington initiated an investigation into the activities of Vincent A. TERESA, a well known LCN figure from Boston, Massachusetts, who was in the Witness Protection Program. TERESA, his two sons, a daughter, an attorney, an insurance broker, a dentist and several others were

INVESTIGATED FOR MURDER, WILDLIFE VIOLATIONS, INSURANCE FRAUD, MAIL FRAUD, AND CONSPIRACY TO IMPORT NARCOTICS. THE JOINT INVESTIGATION INVOLVED PARTICIPATION BY U. S. CUSTOMS, FEDERAL BUREAU OF INVESTIGATION, DRUG ENFORCEMENT ADMINISTRATION, POSTAL SERVICE, AND LOCAL LAW ENFORCEMENT OFFICERS. AS A RESULT OF THE INVESTIGATION, TERESA AND FIVE OTHERS WERE CONVICTED ON MAIL FRAUD CHARGES; TERESA AND ONE OTHER WERE CONVICTED FOR CONSPIRACY TO IMPORT COCAINE; AND ONE INDIVIDUAL WAS CONVICTED FOR CONSPIRACY TO IMPORT MARIJUANA. VINCENT TERESA IS STILL INCARCERATED FOR HIS PART IN THE CONSPIRACIES.

U. S. CUSTOMS IS PRESENTLY INVOLVED IN SEVERAL ONGOING INVESTIGATIONS INTO ACTIVITIES OF LCN ASSOCIATES. IN THE NORTH CENTRAL PART OF THE COUNTRY, CUSTOMS IS WORKING WITH THE DEPARTMENT OF LABOR TO LOOK INTO THE POSSIBLE INFILTRATION OF A LABOR UNION BY LCN MEMBERS. CUSTOMS HAS ALSO BEEN ASSISTING THE INTERNAL REVENUE SERVICE IN THE INVESTIGATION OF A LARGE SCALE PORNOGRAPHY DEALER. ON THE EAST COAST, CUSTOMS IS ACTIVELY INVOLVED IN ANOTHER INVESTIGATION INVOLVING TIES TO ORGANIZED LABOR. ADDITIONALLY, THERE ARE NUMEROUS ONGOING INVESTIGATIONS INTO MONEY LAUNDERING BY AND FOR TRADITIONAL ORGANIZED CRIME FAMILIES.

As can be seen from these examples, cooperation between agencies is of paramount importance to the successful prosecution of these individuals.

In conclusion, let me reiterate that as the first line of defense of our Nation's borders, Customs has and will continue to aggressively enforce our Nation's laws, and will maintain our posture of cooperation with other Federal, state and local law enforcement agencies in the ongoing battle against organized crime, whether it be traditional or non-traditional.

**EXHIBIT NO. 42**

STATEMENT OF

BRUCE V. MILBURN

ACTING ASSISTANT COMMISSIONER (CRIMINAL INVESTIGATION)

INTERNAL REVENUE SERVICE

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

APRIL 11, 1988

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I AM VERY PLEASED TO PROVIDE THE SUBCOMMITTEE WITH BACKGROUND INFORMATION ON THE SERVICE'S ROLE IN INVESTIGATING MEMBERS AND ASSOCIATES OF THE VARIOUS ORGANIZED CRIME FAMILIES. MY COMMENTS ARE IN RESPONSE TO A JULY 1987 LETTER FROM SENATOR NUNN TO THE COMMISSIONER AND AN AUGUST 1987 MEETING BETWEEN OUR RESPECTIVE STAFFS.

IRS' COMMITMENT

THE INTERNAL REVENUE SERVICE BELIEVES THAT DEVOTING SUBSTANTIAL RESOURCES TO THE INVESTIGATION OF ORGANIZED CRIME IS APPROPRIATE NOT ONLY BECAUSE OF THE SIGNIFICANT AMOUNT OF UNREPORTED INCOME INVOLVED, BUT ALSO TO MAINTAIN PUBLIC CONFIDENCE IN OUR TAX SYSTEM --- CONFIDENCE THAT WE ADMINISTER THE TAX LAWS FAIRLY AND EVENHANDEDLY.

THE SERVICE IS ALSO STRONGLY COMMITTED TO PARTICIPATION WITH OTHER FEDERAL AGENCIES IN COMBATTING ORGANIZED CRIME. THOSE WHO PROFIT FROM ILLEGAL ACTIVITIES OFTEN RECEIVE SUBSTANTIAL INCOME ON WHICH NO TAX IS PAID, AND WE MAKE EVERY EFFORT TO INVESTIGATE AND PROSECUTE THOSE GUILTY OF SUCH TAX CRIMES.

STRIKE FORCE PROGRAM

IN ORDER TO WAGE A MORE EFFECTIVE FIGHT AGAINST ORGANIZED CRIME, THE FEDERAL GOVERNMENT IN MAY, 1966, INITIATED A PROGRAM DESIGNED TO STRIKE A BLOW AT KEY MEMBERS OF THE UNDERWORLD. THE CRIMINAL DIVISION OF THE DEPARTMENT OF JUSTICE WAS CHARGED

WITH COORDINATING A UNIFIED PROGRAM IN WHICH VARIOUS FEDERAL AGENCIES CONCENTRATED THEIR ENFORCEMENT EFFORTS ON PROJECTS INVOLVING DESIGNATED ORGANIZED CRIME SUBJECTS IN SELECTED TARGET CITIES. EACH PROJECT WAS CALLED A "STRIKE FORCE".

STRIKE FORCES PRESENTLY EXIST IN FIFTEEN CITIES: BUFFALO, DETROIT, BROOKLYN, NEWARK, CHICAGO, BOSTON, CLEVELAND, KANSAS CITY, LOS ANGELES, MANHATTAN (U.S. ATTORNEY'S OFFICE), MIAMI, PHILADELPHIA, SAN FRANCISCO, NEW ORLEANS, AND LAS VEGAS.

THE STRIKE FORCE IS A TEAM MADE UP OF REPRESENTATIVES OF ALL FEDERAL AGENCIES WITH SIGNIFICANT ENFORCEMENT RESPONSIBILITIES RELATING TO ORGANIZED CRIMINAL ACTIVITIES IN A PARTICULAR LOCATION. THE ATTORNEY-IN-CHARGE OF THE STRIKE FORCE, WITH THE AGENCY REPRESENTATIVES AS A TEAM, DEVELOPS A CONCERTED INVESTIGATIVE AND PROSECUTORIAL PROGRAM FOR PURSUING ORGANIZED CRIME FIGURES AND THEIR ILLEGAL ACTIVITIES. THE ATTORNEY THEN DECIDES WHICH PARTS OF THE PROGRAM ARE PROPERLY ALLOCABLE TO WHICH AGENCIES. THE STRIKE FORCE REPRESENTATIVES THEN HAVE THE TASK OF OBTAINING LOCAL PERSONNEL FROM THEIR AGENCIES TO DO THE ACTUAL INVESTIGATING AND REPORTING RESULTS TO THE ATTORNEY-IN-CHARGE WHO IS RESPONSIBLE FOR COORDINATION WITH OTHER AGENCIES.

THE STRIKE FORCE APPROACH PERMITS A COORDINATED PURSUIT BY LAW ENFORCEMENT AGENCIES OF ORGANIZED CRIME MEMBERS AND THEIR CRIMINAL ACTIVITIES. SUCCESSFUL PROSECUTIONS WEAKEN ORGANIZED CRIME BY BREAKING UP ITS ORGANIZATION THROUGH REMOVAL OF MAJOR ORGANIZED CRIME MEMBERS FROM THEIR POSITIONS IN THE CRIMINAL HIERARCHY. WHILE STRIKE FORCES GENERALLY CONCENTRATE ON THE PRINCIPAL MEMBERS OF ORGANIZED CRIME SYNDICATES, OTHER KEY MEMBERS AND ASSOCIATES MAY BE INCLUDED AS TARGETS.

AN IRS STRIKE FORCE REPRESENTATIVE IS ASSIGNED TO EACH OF THE FIFTEEN STRIKE FORCES THROUGHOUT THE COUNTRY. IT IS THAT REPRESENTATIVE'S RESPONSIBILITY TO MONITOR THE ILLEGAL ACTIVITIES, TAX RETURNS, AND ASSET ACQUISITIONS OF ORGANIZED CRIME MEMBERS WITHIN HIS/HER AREA. IRS' CRIMINAL INVESTIGATION FUNCTION PARTICIPATES FULLY IN THE STRIKE FORCE PROGRAM. CRIMINAL INVESTIGATION'S ACTIVITIES COVER A WIDE RANGE OF TAX LAW ENFORCEMENT AREAS, INCLUDING EVASION OF INDIVIDUAL AND CORPORATE INCOME TAXES, AND OTHER RELATED VIOLATIONS, SUCH AS THE MONEY LAUNDERING PROVISIONS OF THE BANK SECRECY ACT. THE INTERNAL REVENUE SERVICE HAS A HISTORY OF SUCCESS CONDUCTING THOROUGH INVESTIGATIONS LEADING TO THE CONVICTION OF UNDERWORLD LEADERS. HISTORICALLY, SOME OF THE INDIVIDUALS WHOSE CONVICTIONS WERE BROUGHT ABOUT BY THE IRS CRIMINAL INVESTIGATION FUNCTION INCLUDE AL CAPONE, FRANK NITTI, JAKE AND SAM GUZIK, "DUTCH" SHULTZ, JOHNNY TORRIO, ALBERT ANASTASIA, AND FRANK COSTELLO.

PERIODICALLY, STRIKE FORCE ATTORNEYS ASSEMBLE AGENCY REPRESENTATIVES FOR TARGET SELECTION PURPOSES. BASED ON AVAILABLE INFORMATION FROM EACH AGENCY, TARGETS ARE CHOSEN. ONCE SELECTED, EACH AGENCY WORKS THROUGH THE STRIKE FORCE ATTORNEY AND ATTEMPTS TO ASSEMBLE A CASE ON THE TARGETED SUSPECT. BETWEEN FYS 1982 AND 1985, CRIMINAL INVESTIGATION AVERAGED 161 RECOMMENDED PROSECUTIONS A YEAR. DURING 1986, CRIMINAL INVESTIGATION INITIATED 227 CASES ON STRIKE FORCE TARGETS THROUGHOUT THE COUNTRY; 183 OF THESE WERE RECOMMENDED FOR PROSECUTION. IN FY 1987, 211 CASES WERE INITIATED AND 179 WERE RECOMMENDED FOR PROSECUTION.

ORGANIZED CRIME AND DRUG ENFORCEMENT TASK FORCE

CRIMINAL INVESTIGATION ALSO PLAYS A SIGNIFICANT PART IN THE GOVERNMENT'S ANTI-DRUG EFFORT THROUGH VIGOROUSLY ENFORCING THE TAX LAW AGAINST NARCOTICS VIOLATORS. SINCE PRESIDENT REAGAN ANNOUNCED THE FORMATION OF THE ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCE PROGRAM (OCDETF), IRS CRIMINAL INVESTIGATION HAS BEEN AN ACTIVE PARTICIPANT. THE OCDETF PROGRAM BRINGS TOGETHER EXPERT FINANCIAL INVESTIGATORS FROM IRS' CRIMINAL INVESTIGATION WITH EXPERTS FROM CUSTOMS, ATF, FBI, AND DEA WHO WORK TOGETHER TO DOCUMENT SUBSTANTIVE NARCOTICS VIOLATIONS. THREE YEARS EXPERIENCE WITH THE OCDETF HAS SHOWN THAT BY COMBINING THE EXPERTISE OF OTHER AGENCIES AND THE EXPERTISE OF IRS' SPECIAL AGENTS, EVIDENCE ON THE SOURCE OF FUNDS (NARCOTICS ACTIVITIES)

CAN BE COUPLED WITH THE EXPENDITURE OF FUNDS (INCOME TAX CONSEQUENCES) TO IMPROVE THE GOVERNMENT'S CHANCES OF DESTROYING ENTIRE DRUG ORGANIZATIONS.

IRS' COMMITMENT OF STAFF TO THE OCDETF PROGRAM IS THE LARGEST OF ALL THE TREASURY BUREAUS. SINCE THE INCEPTION OF THE PROGRAM, WE HAVE PARTICIPATED IN 68.1% OF ALL OCDETF INVESTIGATIONS INITIATED, SECOND ONLY TO THE DRUG ENFORCEMENT ADMINISTRATION OF THE JUSTICE DEPARTMENT. PERHAPS THE BEST WAY TO ASSESS THE CONTRIBUTION THAT IRS HAS MADE TO THE OCDETF PROGRAM IS BY TRACKING THE NUMBER OF CASES WE HAVE INVESTIGATED AND THE SUCCESS OF THESE INVESTIGATIONS. FROM THE INCEPTION OF THE PROGRAM THROUGH THE END OF FY 1987, WE HAVE INITIATED CASES ON 4,279 INDIVIDUALS, RECOMMENDED 3,008 NARCOTICS VIOLATORS FOR PROSECUTION, OBTAINED 2,359 INFORMATIONS AND INDICTMENTS, AND CONVICTED 1,625 VIOLATORS.

NON-TRADITIONAL ORGANIZED CRIME

IN RECENT YEARS, NON-TRADITIONAL (OR "EMERGING") GROUPS HAVE BEEN DEVELOPING INTO ORGANIZED CRIMINAL GROUPS, SHARING MANY OF THE ATTRIBUTES COMMONLY ASSOCIATED WITH TRADITIONAL ORGANIZED CRIME SYNDICATES. THESE GROUPS ARE BECOMING INCREASINGLY WELL-ORGANIZED AND ARE REPORTEDLY ENGAGING IN A VARIETY OF CRIMINAL ENDEAVORS. THESE ENDEAVORS INCLUDE THE MANUFACTURE AND DISTRIBUTION OF DRUGS, TRAFFICKING IN ILLEGAL WEAPONS AND EXPLOSIVES, MURDER , PROSTITUTION, INFILTRATION

OF LEGITIMATE BUSINESSES, AND CORRUPTION OF PUBLIC OFFICIALS. MOREOVER, IN MANY AREAS OF THE COUNTRY THE NON-TRADITIONAL GROUPS HAVE BECOME CLOSELY ASSOCIATED WITH TRADITIONAL ORGANIZED CRIME FAMILIES. FOR THESE REASONS, THE STRIKE FORCES, WITH IRS' FULL SUPPORT, HAVE STEPPED-UP THEIR EFFORTS IN THE AREA OF NON-TRADITIONAL ORGANIZED CRIME.

POSSIBLE LEGISLATIVE CHANGES

WE WERE ASKED BY THE SUBCOMMITTEE STAFF TO IDENTIFY LEGISLATIVE CHANGES WE THOUGHT SHOULD BE MADE TO THE MONEY LAUNDERING CONTROL ACT OF 1986 (P.L.99-570). WE BELIEVE IT SHOULD BE AMENDED TO INCLUDE AN ADDITIONAL OFFENSE FOR MONEY LAUNDERING THAT PROMOTES TAX CRIMES. THE DEPARTMENT OF JUSTICE SUPPORTED AN IDENTICAL PROPOSAL IN ASSISTANT ATTORNEY GENERAL WELD'S MAY 6, 1987 TESTIMONY BEFORE THE HOUSE BANKING COMMITTEE.

THE CURRENT MONEY LAUNDERING CONTROL ACT OFFENSES REQUIRE THE GOVERNMENT AT A MINIMUM TO PROVE THE DEFENDANT'S KNOWLEDGE THAT THE FUNDS REPRESENT "THE PROCEEDS OF SOME FORM OF UNLAWFUL ACTIVITY" (18 U.S.C. SECTION 1956) OR "CRIMINALLY DERIVED PROPERTY" (18 U.S.C. SECTION 1957). BECAUSE TAX CRIMES, UNLIKE OTHER CRIMES, DO NOT HAVE ANY CLEARLY IDENTIFIABLE "PROCEEDS", THE GOVERNMENT IS UNABLE TO USE THE RECENTLY-ENACTED LAW TO

PROSECUTE AN INDIVIDUAL WHO LAUNDERS ILLICIT FUNDS FOR THE PURPOSE OF TAX EVASION. (SEE SENATE COMMITTEE ON THE JUDICIARY REPORT 99-433, PG. 11.)

THIS STATUTORY PROBLEM CAN BE ILLUSTRATED WITH AN EXAMPLE OF A COMMON SCENARIO. AN UPPER ECHELON "CAPO" WILL PLACE ASSETS PURCHASED WITH INCOME FROM AN UNLAWFUL SOURCE, INCLUDING AUTOMOBILES AND REAL ESTATE, IN NOMINEE NAMES IN ORDER TO HIDE THEM FROM THE IRS. HOWEVER, PROOF OF INTENT TO CONCEAL THE UNDERLYING SPECIFIED UNLAWFUL ACTIVITY IS ESSENTIAL TO SUSTAIN A CONVICTION UNDER SECTION 1956 (1)(B)(I). PROOF OF SUCH INTENT MAY BE IMPOSSIBLE EVEN WHEN CIRCUMSTANCES INDICATE THE "CAPO" ACTUALLY DID INTEND TO CONCEAL HIS ILLICIT SOURCE. HE PROBABLY OWNS SOME SORT OF LEGITIMATE BUSINESS IN AN ATTEMPT TO CONCEAL HIS TRUE SOURCE OF INCOME. THE UPPER ECHELON "CAPO" IS NORMALLY INSULATED FROM THE CRIMES HE FINANCES BY LAYERS OF SUBORDINATES, INCLUDING STREET DEALERS AND MONEY LAUNDERERS. PROOF THAT SUCH INDIVIDUALS LAUNDERED MONEY WITH THE INTENT TO CONCEAL THE UNREPORTED INCOME FROM THE IRS MAY BE THE ONLY KNOWLEDGE ELEMENT THAT CAN BE PROVEN. (NOTE: THE PROPOSED NEW OFFENSE COULD NOT BE USED AGAINST ORDINARY PERSONS WHO EVADE TAXES ON LEGITIMATE INCOME. THE GOVERNMENT WOULD STILL HAVE TO PROVE THAT THE FUNDS IN FACT REPRESENT PROCEEDS OF "SPECIFIED UNLAWFUL ACTIVITY" - - AN ELEMENT THAT IS MUCH EASIER TO PROVE THAN THE DEFENDANT'S KNOWLEDGE.)

ANOTHER EXAMPLE OF THE NEED FOR THIS ADDITIONAL OFFENSE INVOLVES THIRD-PARTY MONEY LAUNDERERS. PROFESSIONAL MONEY LAUNDERERS WILL TAKE GREAT PAINS TO AVOID KNOWING THE ACTUAL SOURCE OF THE MONEY THEY LAUNDER. HOWEVER, THEY ARE OFTEN CAVALIER ABOUT KNOWING THAT THEIR SERVICES FACILITATE TAX EVASION. AS PART OF THEIR MONEY MOVING SERVICE, INTERNATIONAL MONEY LAUNDERERS OFTEN PROVIDE DOCUMENTATION --- SUCH AS PHONY PROMISSORY NOTES AND PHONY "BRASS PLATE" CORPORATIONS --- TO CREATE THE APPEARANCE THAT REPATRIATED FUNDS ARE NONTAXABLE INCOME. A MONEY LAUNDERER WHO KNOWINGLY FACILITATES TAX CRIMES, BUT IGNORES THE ACTUAL SOURCE OF THE FUNDS, SHOULD BEAR A RISK THAT THE MONEY REPRESENTS PROCEEDS FROM "SPECIFIED UNLAWFUL ACTIVITIES". IF THE FUNDS ARE ILLICIT, THEN THE LAUNDERER SHOULD FACE MONEY LAUNDERING CHARGES IN ADDITION TO CONVENTIONAL TAX CHARGES. THIS INCREASED RISK OF CRIMINAL LIABILITY ON PROFESSIONAL MONEY LAUNDERERS SHOULD HELP DETER MONEY LAUNDERING AND DRUG TRAFFICKING.

IN ADDITION TO THE POSITIVE REASONS FOR THE NEW OFFENSE, FAILURE TO CREATE IT AS AN OFFENSE PROVIDES A DEFENSE FOR THOSE CHARGED UNDER THE EXISTING MONEY LAUNDERING STATUTE. UNDER THE EXISTING LAW, A DEFENDANT CHARGED WITH MONEY LAUNDERING MAY ARGUE THAT HE OR SHE LAUNDERED THE MONEY WITH INTENT TO PROMOTE TAX EVASION, NOT WITH THE INTENT TO HIDE PROCEEDS OF ANOTHER CRIME. BOTH THE"CAPO" AND THE PROFESSIONAL MONEY LAUNDERERS IN THE ABOVE SCENARIOS MIGHT ESCAPE PROSECUTION WITH SUCH A DEFENSE. THE SENATE COMMITTEE ON THE JUDICIARY, IN THE REPORT

NOTED EARLIER, EXPLAINED CERTAIN LANGUAGE IN SECTION 1956(A)(1) BY INDICATING THAT A SIMILAR DEFENSE HAD BEEN SUCCESSFULLY RAISED IN OTHER COUNTRIES, WHERE DEFENDANTS SIMPLY DENIED KNOWLEDGE THAT FUNDS REPRESENTED THE PROCEEDS OF CRIMES ENUMERATED IN THE STATUTE.

SUCCESSFUL IRS CASES AGAINST ORGANIZED CRIME

THE SUBCOMMITTEE STAFF REQUESTED THAT WE PROVIDE PUBLICLY-DISCLOSABLE EXAMPLES OF CASES IN WHICH THE IRS HAS PLAYED A MAJOR ROLE IN THE CONVICTIONS OF ORGANIZED CRIME FIGURES.

SOME OF THE SUCCESSFUL IRS CASES AGAINST ORGANIZED CRIME INCLUDE THE FOLLOWING:

- BOSTON STRIKE FORCE

  - CRIME FAMILY LOANSHARK

    A MEMBER OF A CRIME FAMILY INVOLVED IN ILLEGAL GAMBLING AND LOANSHARKING WAS SENTENCED TO EIGHT YEARS IMPRISONMENT FOR RACKETEERING AND AIDING AND ASSISTING HIS SON IN THE PREPARATION OF A FALSE TAX RETURN.

- Crime Family Capo

A reported "capo" in a crime family was sentenced to ten years imprisonment for racketeering related charges.

- Pornographer

One of the largest distributors of pornographic material in the Northeast pled guilty to evasion of his personal and corporate tax liabilities for two years. The criminal tax liability was in excess of $400,000.

• Los Angeles Strike Force

- Crime Family Soldier

A long-time soldier in a crime family was indicted during 1984 for filing false tax returns. He was convicted and sentenced in 1985 to two years in prison. He began his sentence in 1986 and is now in a halfway house.

ANOTHER INVESTIGATION CONCERNING THIS SOLDIER WAS BEGUN DURING HIS STAY IN PRISON. AN INDICTMENT HAS BEEN RETURNED UNDER 26 USC 7201 FOR THE YEARS 1983 THROUGH 1985 AND THE TRIAL IS SCHEDULED.

- SUPERBOWL TICKETS

THE SPOUSE OF AN OWNER OF A PROFESSIONAL FOOTBALL TEAM WAS CONVICTED OF TAX EVASION. DURING A PRE-SUPERBOWL PERIOD, THIS INDIVIDUAL TOOK CONTROL OF OVER 10% OF THE 27,000 SUPERBOWL TICKETS IN THE POSSESSION OF THE TEAM. THROUGH ORGANIZED CRIME CONNECTIONS, THESE TICKETS WERE SOLD AT INFLATED PRICES AND THAT INCOME (ESTIMATED BETWEEN $500,000 AND $750,000) WAS NOT REPORTED ON A JOINT TAX RETURN. THE SPOUSE WAS SENTENCED TO SERVE A YEAR AND A DAY IN JAIL.

• KANSAS CITY STRIKE FORCE

- LAS VEGAS SKIM INVESTIGATION

THE INTERNAL REVENUE SERVICE PARTICIPATED IN AN INVESTIGATION OF THE LAS VEGAS "SKIM" AND RELATED ACTIVITY, WHICH RESULTED IN THE CONVICTION OF FIVE OF THE TOP ORGANIZED CRIME FIGURES IN KANSAS CITY FOR TAX EVASION.

THE PRIMARY EVIDENCE IN THE LAS VEGAS SKIM INVESTIGATION CONSISTED OF VOLUMINOUS RECORDS SEIZED FROM A MOBSTER'S RESIDENCE IN KANSAS CITY, MISSOURI. AGENTS FROM IRS' CRIMINAL INVESTIGATION DIVISION IN KANSAS CITY SPENT HUNDREDS OF HOURS ANALYZING AND PREPARING THESE RECORDS FOR TRIAL(THEY WERE KEPT IN CODE).

THE INTERNAL REVENUE SERVICE'S EFFORTS AND EXPERTISE IN THE LAS VEGAS SKIM INVESTIGATION CONTRIBUTED TO THE NON-TAX INDICTMENTS AND CONVICTIONS OF HIGH RANKING CRIME FAMILY MEMBERS IN KANSAS CITY, CHICAGO, MILWAUKEE, CLEVELAND, AND LAS VEGAS. SENTENCES RANGED FROM 10 TO 30 YEARS.

- <u>BOSS PLED TO TAX EVASION</u>

IN 1984, THE HEAD OF ORGANIZED CRIME IN KANSAS PLED GUILTY TO SEVERAL COUNTS OF TAX EVASION AND WAS SENTENCED TO THREE YEARS IN PRISON.

- BROOKLYN STRIKE FORCE

  - CRIME FAMILY

    INDIVIDUAL "A" HEADED A QUASI-INDEPENDENT FACTION OF AN ORGANIZED CRIME FAMILY. "A" WAS INVOLVED IN A VARIETY OF LUCRATIVE BUSINESS VENTURES, INCLUDING AUTOMOBILE BUSINESSES, CONSTRUCTION COMPANIES, MOVIE PRODUCTION COMPANIES, OIL AND GAS DISTRIBUTORSHIPS, AND LABOR UNIONS. HIS OPERATIONS EXTENDED FROM LONG ISLAND TO SOUTHERN FLORIDA AND CALIFORNIA.

    "A" AND SEVEN ASSOCIATES PLED GUILTY TO CHARGES OF IMPEDING, IMPAIRING, OBSTRUCTING, AND DEFEATING THE LAWFUL FUNCTIONS OF THE INTERNAL REVENUE SERVICE. OF THE NINETY-SEVEN OVERT ACTS LISTED IN THE TAX CONSPIRACY CHARGE, FIFTY-SEVEN INVOLVED FAILURES TO FILE INDIVIDUAL AND CORPORATE TAX RETURNS AND FILING FALSE EXTENSIONS OF TIME.

THE SALIENT FEATURES OF THE PLEA AGREEMENTS WERE AS FOLLOWS:

- "A" WAS SENTENCED TO TEN YEARS IMPRISONMENT ON THE RICO COUNT AND FIVE YEARS PROBATION ON CONSPIRACY TO DEFRAUD THE GOVERNMENT/INTERNAL REVENUE SERVICE (THIS COUNT IS TO FOLLOW THE CONCLUSIONS OF HIS ENTIRE TEN YEAR SENTENCE ON THE RICO COUNT). HE WILL PAY THE MAXIMUM FINE OF $35,000, FORFEIT THE FULL AMOUNT OF MONEY SOUGHT IN THE INDICTMENT (OVER $4.7 MILLION), AND WILL MAKE RESTITUTION IN THE AMOUNT OF $10,000,000. IN ORDER TO SATISFY THE FORFEITURE, FINE AND RESTITUTION PROVISIONS OF THE PLEA AGREEMENT, "A" (1) AGREED TO A JUDGMENT BEING ENTERED AGAINST HIM IN THE AMOUNT OF OVER $14.7 MILLION (2) CAUSED TO BE SOLD NINE PROPERTIES, INCLUDING A $1 MILLION HOUSE ON LONG ISLAND; AND (3) CAUSED TO BE REMITTED TO THE GOVERNMENT ALL MONIES HE IS EXPECTED TO EARN FROM A FILM CURRENTLY IN RELEASE. THE RESTITUTION AND FORFEITURE MONIES ARE TO BE DISTRIBUTED BY THE GOVERNMENT TO THE VICTIMS OF "A"'S FRAUDULENT ACTIVITIES, IN PARTICULAR THE INTERNAL REVENUE SERVICE AND THE STATES OF NEW YORK, FLORIDA, AND NEW JERSEY, ALL OF WHICH WERE DEFRAUDED OF MILLIONS OF DOLLARS IN TAXES THROUGH THESE ILLICIT ACTIVITIES.

- "B", A CO-DEFENDENT OF "A", WAS SENTENCED TO FIVE YEARS IMPRISONMENT ON THE RICO COUNT AND FIVE YEARS PROBATION ON THE CONSPIRACY TO DEFRAUD THE GOVERNMENT/INTERNAL REVENUE SERVICE. "B" ALSO PAID A $10,000 FINE.

- "C", THE "ENFORCER" OF THE GROUP, WAS SENTENCED TO EIGHT YEARS IMPRISONMENT ON THE RICO COUNT AND FIVE YEARS PROBATION FOR CONSPIRACY TO DEFRAUD THE GOVERNMENT/INTERNAL REVENUE SERVICE. "C" ALSO PAID A FINE OF $10,000.

- "D", "A"'S "RIGHTHAND" IN THE ILLEGAL OPERATIONS, WAS SENTENCED TO FIVE YEARS IMPRISONMENT ON THE RICO COUNT AND FIVE YEARS PROBATION FOR CONSPIRACY TO DEFRAUD THE GOVERNMENT/INTERNAL REVENUE SERVICE.

- "D", PRESIDENT OF ONE OF "A"'S FRAUDULENTLY OPERATED AUTOMOBILE DEALERSHIPS WAS SENTENCED TO EIGHTEEN MONTHS IN PRISON ON THE RICO COUNT. ON THE CONSPIRACY TO DEFRAUD THE GOVERNMENT/INTERNAL REVENUE SERVICE COUNT, HE WAS SENTENCED TO FIVE YEARS PROBATION TO FOLLOW THE SENTENCE HE RECEIVED ON THE RICO COUNT.

"E", A FORMER ACCOUNTANT FOR "A", PLED GUILTY AND WAS SENTENCED TO TWO YEARS IMPRISONMENT AND A $5,000 FINE ON THE RICO CONSPIRACY COUNT AND FIVE YEARS PROBATION ON THE CONSPIRACY TO DEFRAUD THE GOVERNMENT/INTERNAL REVENUE SERVICE COUNT.

- MIAMI STRIKE FORCE

  - PORNOGRAPHY

    THE INVESTIGATION CENTERED AROUND AN INDIVIDUAL'S INVOLVEMENT IN A LARGE, LUCRATIVE PORNOGRAPHY BUSINESS IN SOUTH FLORIDA. THIS INDIVIDUAL WAS REPUTED TO BE AN ASSOCIATE OF AN ORGANIZED CRIME FAMILY REPORTING TO A KNOWN LIEUTENANT IN THAT ORGANIZATION.

    IT WAS ESTIMATED THAT THIS INDIVIDUAL AND HIS ASSOCIATES CONTROLLED AS MANY AS FIVE HUNDRED PEEP SHOW MACHINES IN 25 ADULT BOOKSTORES. IN 1985, THE INDIVIDUAL PLED GUILTY TO TAX EVASION CHARGES AND WAS SENTENCED TO FOUR YEARS IN PRISON.

- MANHATTAN STRIKE FORCE

  - CAPO CONVICTED OF SKIMMING

    AN ALLEGED CAPO IN A CRIME FAMILY WAS SENTENCED IN 1986 TO SIX YEARS IN PRISON FOLLOWING CONVICTION ON CRIMINAL RICO AND TAX EVASION CHARGES INVOLVING "SKIMMING" PROFITS FROM SIX BARS AND RESTAURANTS IN NEW YORK CITY. THIS ALLEGED CAPO HAD A FINANCIAL INTEREST IN A FAMOUS RESTAURANT AND SEVERAL MIDTOWN BARS.

  - CRIME FAMILY UNDERBOSS

    THIS INDIVIDUAL WAS ARRESTED IN 1984 FOR VIOLATIONS OF TITLE 26 USC SECTION 7201 AND 7206. ALLEGED TO BE AN UNDERBOSS IN A CRIME FAMILY, HE WAS ARRESTED DURING A MEETING WITH OTHER REPUTED CRIME FAMILY MEMBERS AT A SOCIAL CLUB IN MANHATTAN. AT HIS ARRAIGNMENT, HE PLED NOT GUILTY AND WAS RELEASED ON BAIL OF ONE MILLION DOLLARS. THE UNDERBOSS DIED SHORTLY AFTER HIS ARRAIGNMENT.

CONCLUSION

DUE TO THE FINANCIAL NATURE OF THESE AND OTHER INVESTIGATIONS, WE HAVE OFTEN BEEN ABLE TO FOLLOW THE FLOW OF FUNDS FROM ILLEGAL SOURCES INTO "LEGITIMATE" BUSINESS VENTURES, AND HAVE BEEN ABLE TO DELVE INTO AREAS THAT OTHER AGENCIES CANNOT PENETRATE. WE HAVE FOUND THAT MOBSTERS, USING WHAT THEY HAVE DEVELOPED AS SECURE "LEGAL FRONTS," ARE ENGAGING IN NUMEROUS ILLEGAL ACTS THAT WOULD ORDINARILY GO UNNOTICED. AMONG THESE ACTS ARE MAIL FRAUD, INSURANCE FRAUD, FALSE BANKRUPTCIES, BANK FRAUD, POLITICAL CORRUPTION, LAUNDERING OF OTHER ILLEGAL FUNDS, AND TAX FRAUD BY EVADING TAXES ON LEGITIMATE INCOME FROM THESE SOURCES.

THE NATURE OF THESE CASES MAKES IT ALL THE MORE IMPERATIVE THAT THE SERVICE CONTINUE ITS COMMITMENT TO FIGHT ORGANIZED CRIME.

I APPRECIATE THE OPPORTUNITY TO PROVIDE THESE COMMENTS TO THE SUBCOMMITTEE.

EXHIBIT NO. 43

Ralph F. Salerno. Statement to the U.S. Senate Permanent Subcommittee on Investigations.

I appreciate the opportunity of appearing as a witness before this committee. Over many years this committee has demonstrated a concern, understanding and interest in addressing the problem of organized crime in the United States. I have been proud of my long association with committee staff and the contribution I have been able to make to their efforts over the years, including past appearances as a witness. Further, there is a distinct awareness that crime problems often require new legislation and they always require the commitment of public funds for personnel and equipment. In order to establish such government priorities, congressional hearings are a most logical starting point.

Thirty years ago, police investigation surfaced a national meeting of more than one hundred persons, most with criminal records, who had come from fifteen states, to the outskirts of a village with a population of eleven hundred, named Apalachin, New York. There was evidence that the agenda under consideration by these delegates included a discussion of murders and narcotics violations. The federal Narcotics Control Act of 1956 had become effective July 1, 1957, just three and a half months before the meeting. There had been assassinations and shootings for control of criminal groups, the last of which had taken place three weeks before the meeting. Thus the organized crime agenda three decades ago was narcotics and murder to effect the control of criminal activities.

This committee, then acting as part of the Senate Select Committee on Improper Activities in the Labor/Management Field, aware that the activities of some of the conferees came within the purview of its mandate, took a leadership role in investigating the occurrence of November 14, 1957. Later, some 20 of the attendees were convicted by the federal government of Obstruction of Justice, in attempting to conceal the true purpose of the meeting. An appellate court found insufficient legal foundation to uphold these convictions and they were reversed.

Twenty four years ago, in September and October, 1963, this Committee held public hearings on Organized Crime and Illicit Traffic in Narcotics. The first witness to appear was the Hon. Robert F. Kennedy, then Attorney General of the United States. He described the problem and requested of the Congress legislation that he believed would be helpful. Mr. Kennedy had served as Chief Counsel to this Committee, and much of what he had learned about organized crime was addressed to the nation in a book he authored before becoming Attorney General. He stated that our country made adequate and significant efforts to protect itself from external enemies, but was neglecting to take proper steps to deal with a sinister threat to be found inside of our borders. That enemy which imperiled the nation was organized crime, and the title of his book was "The Enemy Within".

The Attorney General's appearance was followed by what he described as the greatest intelligence breakthrough in the history of organized crime. This referred to the testimony of Joseph Valachi, a federal prisoner then serving long jail terms for narcotics and murder. He told of his participation in a national crime conspiracy as a member of one of about two dozen criminal organizations known as crime "families", operating autonomously in many cities of the United States, but joined together in a crime confederation in which a limited amount of authority had been ceded to a governing National Commission. His testimony was supported by state and local police from various jurisdictions.

The problem revealed by the committee hearings, the legislative action requested to address it, and popular support for such a program were all eclipsed by the tragedy of the assassination of President John F. Kennedy, in Dallas, Texas, less than two months later. The priorities that the Kennedy administration had set for dealing with organized crime were dissipated by the changes in government that followed November 22, 1963. This was clearly reflected when, just about two years later, a Presidential Commission on Law Enforcement and the Administration of Justice was established with an allocation of budget and staff that did not include a capability for studying organized crime. Largely through the efforts of one of the nineteen commissioners, a past president of the American Bar Association who is better known today as the recently retired Mr. Justice Lewis Powell of the U.S. Supreme Court, a token appropriation of $30,000 was committed to looking at organized crime, but this was after three quarters of the study period had already elapsed. That sum represented the priority for the subject in mid-1966, and is given perspective if one understands that $30,000 is less than ONE heroin addict had to steal in cash and property to support a narcotics habit in that year. Nonetheless, the recommendations which had their genesis in this hurried, afterthought of an effort, when published, merited and earned the serious consideration of the U.S. Congress. In the Omnibus Crime Bill and Safe Streets Act of 1968 and in the Organized Crime Bill of 1970, many of them were enacted into statute and procedural law and became functioning programs of government. These have proven to be the most effective legal tools extant in combatting organized crime:

#1- Title III of the Safe Streets Act, which set forth procedures for court controlled warrants to be issued and executed for electronic surveiliance.

#2- The Racketeer Influenced Criminal Organizations (RICO) section of the 1970 Act, providing for criminal and civil procedures against criminal organizations, including siezure of assets illegally obtained or obtained with money from criminal activities.

#3- The Witness Protection Program which faces the reality that legal evidence comes only in the form of sworn testimony or an exhibit accepted by the court. Thousands of persons have given such testimony when offered the protection of the program.

#4- Grants of immunity to compel testimony.

#5- Additional penalties for special felony offenders.

Thus, by the early 1970s, a decade after some had been requested and 15 years after the Apalachin Meeting, it could be said that we had the statutes necessary to address the problem. There was still, however, the question of whether these weapons could be expertly utilized to accomplish the task for which they had been promulgated. It was seven years after the enactment of the RICO law before such charges were leveled against a defendant. On March 17, 1977, a Report to Congress was submitted by the Bureau of the Budget with a title page which read:-

"War on Organized Crime Faltering.
Federal Strike Forces not getting the job done".

A response from the U.S. Department of Justice to this audit was in general agreement with the criticisms made. There was a recognition of the management deficiencies and some of the recommended changes were said to be already under consideration or in effect. There was a telling comment made by the Department of Justice, particularly since it is as true today as it was when made a decade ago. It read:

"However, law enforcement can only deal with one side of the organized crime equation. Unlike street crime and other more conventional offenses, organized crime is a business which depends, as do all businesses, on customer acceptance and patronage.

Activities such as illegal gambling, narcotics trafficking, loan sharking and fencing transactions, prostitution, pornography, etc. all depend upon willing purchasers or customers for the goods and services which organized crime sells. Organized crime will thus continue to "flourish" until the American citizenry chooses to withdraw its patronage from these multi-million dollar sources of income, and from the influence and power of those who control organized crime in this nation.

It must be understood and emphasized that whatever program is designed by law enforcement it can deal only with the "supply" side of the equation; the "demand" side is, in the final analysis, dependent on the actions and reactions of the American public".

Since it can be said that it was not until 1977 that we had the management skills to use effective legal efforts against organized crime, the results which have been obtained in one decade constitute a remarkable achievement. The target of "traditional" organized crime was centered in a core group of 26 crime families, together with associated organizations and individuals. Today, the number of identifiable, functioning "families" has been reduced by about one half dozen, and the others have been seriously weakened by the conviction of top echelon commanders who received lengthy prison terms. They have been replaced by less experienced and less powerful substitutes. It is a fair statement that the quality of leadership has deteriorated to a serious and measurable degree. Some social and demographic changes have aided in this effort. The immigrant communities where "traditional" organized crime recruited young adherents no longer exist as isolated ghettos. These communities were also exploited to provide an inordinate degree of political strength for criminal organizations. Manifested at every level of government they served to protect the criminals in their depredations. The weakening of that political strength is a key factor in the reduction of the total impact of such groups on our society.

The media has played an important role. Organized crime became the subjects of cover stories in highly regarded national magazines, including some that are primarily financial journals. When a Wall Street Journal reporter won a Pulitzer Prize for organized crime stories, and a national television network won a Peabody Award for a special feature on the subject this contributed to a better understanding of the problem, and had a salutory effect. The assassination of an organized crime investigative reporter, when Don Boles was blown up in his automobile in Arizona about a decade ago, ~~the reaction~~ brought about the formation of a national association of Investigative Reporters and Editors, whose work continues to be helpful in adressing the current problems of organized crime. The total results in addressing "traditional" organized crime in the last ten years would have been considered an impossible dream not very long ago. It is not all over yet, it may not be all over for quite some time, but there is a growing consensus that we are in a period of time that history will record as the Twilight of the Godfathers.

The unfortunate part of my perspective, arrived at as I enter the 42nd year of a career given exclusively to dealing with organized crime, is the feeling of De'ja' Vu. "We have been here before". Today some studies of organized crime differentiate between the traditionalists and "new emerging groups". This latter term is inaccurate and suggests very strongly that we may once again be falling victim to an unfortunate gap between what is known by law enforcement practitioners and what is understand by government as a whole and by the public at large. During the month of August, 1987, in San Francisco, California, members of police agencies who serve in Asian Crime Task Forces held the 10th in a series of annual conferences in which they discussed common problems. Thus, such specialized units are more than a decade old, and the crimes they address had been in existence for some time before the police units were assembled. Criminal organizations that are now 10 to 15 years old should not be labeled "new emerging groups". Organized crime training programs in which I have participated were teaching about the activities in organized crime of outlaw motorcycle gangs more than fifteen years ago. Gang wars in Florida between "cocaine cowboys" of Colombian and Cuban background started more than a decade ago. The Miami Herald of March 12, 1968 (that is almost twenty years ago) quoted some of my public comments as follows:

> "A Black Mafia is coming an expert on organized crime told the Fort Lauderdale Forum Monday. Negroes have begun to take their place in organized crime".

I worked with the committee staff and was a witness in 1963 during the Valachi hearings. I recall his testimony of how, in the organization of the traditional core group's structure there was formed a council of six, that would would control murders, limiting them to those which had been approved by this hierarchial group. In the early 1980s, Nicky Barnes, a major black heroin dealer who is now serving a life sentence, testified how he and five of his peers formed a council of six for the express purpose that Valachi's group had done five decades earlier. We know of the violence during the Prohibition Era for control of the sale of illicit products. The current turf drug wars in Queens County, New York, in Detroit and elsewhere directly parallel the Alchol Wars in major American cities sixty years ago. Valachi told us

how competitive groups finally became well organized and cooperated with one another, with a commensurate decline in violence. The Cuban-Colombian gang wars of the Miami area have declined. The wild shootings in San Francisco and New York's Chinatown's have declined. There are some who view this reduction of violence with satisfaction. I do not do so entirely, because the reduction of these gang wars in the current era have been brought about exactly for the same reasons that prevailed decades ago. The criminals are becoming <u>better</u> organized, they are learning to cut up the pie peacefully, with profit for all and attracting less attention from the rest of our society. Currently we have the unprecedented evidence of outlaw motorcycle gang members dressed in collar and tie and three piece suits, working cooperatively with Asian gangs and traditional organized crime groups. There is comparatively new evidence of Colombian drug dealers bringing their wares to Mexico and allowing new partners to bring the product across the U.S. border, since Mexican criminals have been violating that border with great skill for many years. It all tends to suggest very strongly that the "new emerging groups" have escalated to the point of cooperation with other criminals exactly as the various traditional groups did in 1931 and 1932. If the agenda of the Apalachin Meeting in 1957 was narcotics, and murders for control of illegal businesses we should be aware that the agenda is exactly the same thirty years later. There are changes in the names, languages and the skin colors of the players but the name of the game is identically the same!!!

It would be a major error to assume that law enforcement will be able to adress the non-traditional groups as successfully in the next decade as was the case in the past decade with the traditionalists. Twenty years ago the major targets were the 26 crime "families" and associates. Today there are more than 26 significantly major drug organizations in the New York City area. There are more than 26 significantly major drug organizations in the greater Miami area. There are more than 26 significantly major drug organizations in the greater Los Angeles area. And these are only three areas of our nation. The new emerging groups, as targets, greatly outnumber the organizations that had to be faced two decades ago.

Electronic surveillance as authorized by Title III has been one of the most effective tools in fighting organized crime. To provide the greatest yield of evidence investigators were sent to military foreign language schools to learn several languages. A cursory examination of a newspaper of record for the past year will indicate that we have arrested drug smugglers from more than 30 different nations located on four continents attempting to bring their product into our country. I am not certain if our language schools have a curriculum that includes all of the languages used in these criminal enterprises. In sum, electronic surveillance will not as readily yield the same harvest in the future as it has in the past with the traditionalists.

The letter written by the U.S. Department of Justice ten years ago spoke of multi-million dollar sources of illegal income. Today in the field of narcotics alone we are compelled to measure the profits in billions of dollars. Law enforcement success in attacking the "supply" side has not been paralleled by very much success in reducing the "demand" side of the equation. This is exacerbated further by the evidence that many of these dollars leave the United States for delivery to principals who reside outside of our national boundaries and thus less susceptible to the application of our laws, their sanctions and penalties. The very effective RICO statute is not applicable in Colombia, Peru, Bolivia, Brazil, Mexico or in Asian countries.

The Witness Protection Program will not work as well with cooperating witnesses who may not be as easily relocated outside of the areas in which they now reside if language difficulties are involved.

There are difficulties involved in recruiting personnel who are familiar with the languages, customs and attitudes of new organized crime groups. In discussing non-traditional criminal organizations the Attorney General of California in a report to the Legislature for 1986 states:-

> "A common tactic is to infiltrate law enforcement agencies by placing their own informants in trusted positions at police or government agencies in order to gain access to confidential information".

Thus such difficulties become compounded when care must be taken that a recruitment success is not, in fact, a successful penetration of government by an enemy.

Joseph Valachi's testimony in 1963 was supported by state and local police officers from many jurisdictions. Today, with a few notable exceptions, many states have abdicated their responsibilities in fighting organized crime, allowed the effort to become largely a federal one. This is manifest in the comparatively few cases where electronic surveillance, RICO, immunity has been brought into being, even though these have been the most effective tools in the well established federal record. Unaided, by other levels of government, the federal effort could be swamped in attempting to deal realistically with both traditional and non-traditional organized crime.

There is one hopeful feature. All of the "new emerging groups" are very deeply involved in narcotics trafficking, with these profits making up the largest majority of all income. If this single illegal industry is made the principal target, rather than the many groups involved, any successful program would significantly reduce the effectiveness of all the organizations involved. Some question if the non-traditional groups will be able to extend their operations outside of the communities in which they are now based, (except for narcotics in which they are servicing our total society). Whether they can or not should be of relatively small import. Their current "home" communities contain populations that have a birthrate which is far in excess of our national average, so that even if crimes of extortion and control of gambling and prositutution do not expand beyond the "home" communities they will be effecting a sizeable proportion of our total population before very long.

One definition of the word "Subvert" is, "to undermine the principles of; to corrupt". Though never placed on subversive lists, or having received the attention of congressional committees which in the past dealt with subversion, organized crime has been one of the most successful subversive movements in the history of the United States. "Terror" is defined as, "intense, sharp, overmastering fear" and "Terrorism" as "the state of fear and submission so produced". We need not wait for terrorism to be brought to the United States; organized crime, traditional and otherwise has accomplished the results of those definitions in all of the communities in which it has been allowed to thrive, and will continue to do so..

Combatting organized crime will reduce these forms of subversion and terrorism in our nation. This factor alone merits a high priority, and a committment that organized crime be reduced to a much more tolerable level than we have experienced in the past.

We are currently in danger of being lulled by recent successes into a sense that true progress has been made. This could easily become an error which our nation will pay for dearly in the decades to come.

EXHIBIT NO. 44

STATEMENT SUBMITTED FOR THE RECORD

LT. DAVID GREEN
Section Supervisor
Racketeering & Intelligence Section
Department Of Organized Crime
BROWARD COUNTY SHERIFF'S OFFICE

"ORGANIZED CRIME IN BROWARD COUNTY, FLORIDA"

U. S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

HEARINGS ON

ORGANIZED CRIME: 25 YEARS AFTER VALACHI

LT. GREEN'S BACKGROUND

David Green has been a member of three police agencies, all of which were in the State of Florida. The following is Lt. Green's experience in the Field of the Investigation of Traditional Organized Crime.

1969-1979

Lt. Green was a supervisor in the Dade County Sheriff's Department, Organized Crime Bureau. During this period, Lt. Green supervised and participated in approximately two hundred (200) court-authorized intercepts (Title III) directed at Bookmaking and/or Shylocking operations.

1975-1976 (18 month period)

As a member of the Dade County Sheriff's Department, Organized Crime Division, Lt. Green was the Field Coordinator for the State-Wide Grand Jury. A portion of Lt. Green's duties was to supply the Grand Jury with mobsters' names, backgrounds and pertinent data for a Grand Jury inquiry. All of the individuals which are named below were at that time residents of Florida and appeared before this Grand Jury.

BRUNO CRIME FAMILY

JOHN SIMONE

*victim of an unsolved gangland murder

CHICAGO CRIME GROUP

JAMES "TOR-TOR" TORTORIELLO

*victim of an unsolved gangland murder

DeCAVALCANTE CRIME FAMILY

SIMONE "SAM THE PLUMBER" DeCAVALCANTE (Boss)

GENOVESE CRIME FAMILY

GERALDO "JERRY" CATENA

ANTHONY "FAT TONY" SALERNO

ALBERT "CHINK" FACCHIANO

CHARLES "THE BLADE" TOURINE

VINCENT TERIACA

*Son murdered by MEYER LANSKY'S step-son, who was the victim of an unsolved gangland murder.

LOUIS ROTUNDO

GAMBINO CRIME FAMILY

JOSEPH PATERNO

JOSEPH "DEMUS" COVELLO

ANTHONY PLATE

*missing and presumed dead

LUCCHESE CRIME FAMILY

ANTHONY "TUMAC" ACCETTURO

TRAFFICANTE CRIME FAMILY

SANTO TRAFFICANTE, JR. (Boss)

FRANK DIECIDUE

ALFONSO SCAGLIONE

## LANSKY ORGANIZATION

MEYER LANSKY

JACK B. COOPER

HYMAN LAZAR

NORMAN ROTHMAN

AND

JOHN "PEANUTS" TRONOLONE - now the Boss of the Cleveland Crime Family

1978

Testified before the Senate Permanent Sub-Committee of Investigation regarding an Organized Crime matter.

1981 to 1985

David Green was a Special Agent for the Florida Department of Law Enforcement, assigned state-wide, to assist local law enforcement investigate organized crime.

In 1982, Lt. Green, providing assistance to the Ocala Police Department and Marion County Sheriff's Office, infiltrated a Lucchese-backed bookmaking operation that passed bookmaking action from Central Florida to the mob's bookie office in South Florida. This investigation led to indictments of Racketeering charges by the Florida State-Wide Grand Jury.

1983 to 1984

Lt. Green, providing assistance to the Tampa Police Department and Hillsborough Sheriff's Office, infiltrated a Tampa-based Traditional Organized Crime Bookmaking operation. This investigation led to Racketeering charges and a seven (7) year prison sentence against the boss of the operation.

As a spin-off to the Tampa undercover assignment in 1984, Lt. Green infiltrated a Miami-based Cuban lottery and bookmaking organization that may well be the largest operation of this type in the world. This investigation resulted in Racketeering charges and convictions. There is additional information regarding this information in the "Emerging Organized Crime Groups" section of this document.

In 1985, Sheriff Navarro, as a newly elected Sheriff, re-organized the Broward County Sheriff's Office, Organized Crime Division. He hired Steven A. Bertucelli as the Director of said Division. Director Bertucelli, who had been the Commander of the Dade County Sheriff's Department's Organized Crime Bureau when Lt. Green was a member of said agency, acting in concert with Sheriff Navarro, invited Lt. Green to participate in said agency, supervising the investigation of traditional organized crime. Director Bertucelli and Lt. Green joined the Broward Sheriff's Office in May of 1985. In June of 1985, the undercover investigation titled "Operation Cherokee" commenced.

A TIMELY INVESTIGATION - OPERATION CHEROKEE

The Broward County Sheriff's Office, during this long-range undercover investigation, successfully infiltrated the hierarchy of Traditional Organized Crime at a significant time. This undercover investigation was carefully timed by Broward County Sheriff Nick Navarro (a career law enforcement person with an extensive Federal and State background in successful undercover investigations) to coincide with the trials (and convictions) of the Mafia Commission. Sheriff Navarro surmised that the Mafia Commission Case had rocked the foundation of organized crime and a successful penetration of the mob by law enforcement could provide an assessment of how bad the underworld had been effected by these arrests.

Lt. David Green was chosen to lead this investigation which was eventually titled **"OPERATION CHEROKEE"**. Lt. Green managed to infiltrate the upper-management of the Bufalino and Gambino Crime Families and the lower echelon of the Genovese, Lucchese, Magaddino, and New England Crime Families.

The "Operation Cherokee" investigation lasted for two years (1985 through 1987) and was successful in disrupting Traditional Organized Crime in South Florida, mainly that part of Organized Crime that has undisclosed interests in the restaurant and liquor licensed premises.

Another successful side to the "Operation Cherokee" was the information gleamed by Lt. Green pertaining to the effect of the New York State Organized Crime Task Force investigation and incarceration of individuals who comprised the Mafia Commission. The following are some of Lt. Green's observations regarding the impact of said arrests on Traditional Organized Crime:

There exists an air of sadness for those Mafia figures incarcerated in combination with a feeling of doom for those mob figures yet arrested.

The remaining oldtimers, the "Mustache Petes", believe it is only a matter of time until they are targeted for arrest. They firmly believe that as long as they are active in criminal matters, they cannot hide from today's law enforcement methods, namely wiretaps (Title III) and the Racketeering Statute.

The inner circle of trusted mob figures is getting smaller, forcing them to take chances with strangers (this is one reason Lt. Green was successful in this investigation). Even so, they do so believing that these transactions will most likely result in arrests.

The following is additional intelligence gathered by Lt. Green during the undercover investigation:

JOSEPH E. TODARO, SR.
DOB: 9/18/23
Residence: 95 Joseph Drive, Tonawanda, NY
He resides in Hollywood, FL. between November and May of each year.

TODARO, SR. was identified by three reliable sources to Lt. Green as the Boss of the Buffalo, NY (Magaddino) Crime Family. The identifications were made to Lt. Green in his undercover role by two principal non-member associates and one identified member of Traditional Organized Crime.

On two separate occasions, Lt. Green learned that JOSEPH E. TODARO, SR. had ordered ANTHONY "GOV" GUARNIERI, a Capodecina in the Bufalino Crime Family, to "sit down" with TODARO, SR. The first instance occurred in 1985, when a Federal Bureau of Investigation's confidential source was "burned" by a target subject. This source had been associating with Green in an undercover capacity for six months prior to the "burn". TODARO, SR. contacted GUARNIERI at his Stuart, FL. residence and instructed GUARNIERI to drive to Hollywood, FL. (some eighty miles away) to meet with TODARO, SR. At this meeting, TODARO, SR. told GUARNIERI not to associate with Lt. Green. GUARNIERI complied with these instructions for approximately three months. No arrests were made as a result of the "burned" source's involvement and this situation "cooled" off. In 1987, TODARO, SR. using an intermediary, ordered GUARNIERI to "sit down" with TODARO, SR. GUARNIERI was incensed and hurt by the method his old friend (TODARO, SR.) used to set up the meeting. According to the intermediary, TODARO, SR. shook his finger in the intermediary's face when ordering him to tell GUARNIERI about this meetint. The meeting did occur but was handled on GUARNIERI'S behalf by GUARNIERI'S boss, EDWARD SCIANDRA (acting Boss of the Bufalino Crime Family). The crux of this "sit down" involved GUARNIERI'S association and activities with Lt. Green. These activities were undercover scenarios deliberately given to a TODARO, SR. cronie in an effort to infiltrate TODARO'S operation. This primary scenario is listed below:

GUARNIERI set up a meeting between Green and a Buffalo, NY resident regarding the alleged transportation of stolen liquor into Canada through the City of Buffalo, NY. GUARNIERI made this arrangement without having TODARO'S blessings. The Buffalo resident was a long-time associate of the Bufalino Crime Family.

During the "Operation Cherokee" investigation, JOSEPH E. TODARO, SR. became a primary target after the "burned" source incident. Physical surveillances of TODARO, SR. were instituted. Another agency, the Metropolitan Organized Crime Intelligence Unit (a Broward County Task Force) conducted physical surveillances in February 1986 of NICODEMAS SCARFO, boss of the Bruno Crime Family. On one occasion, this unit observed JOSEPH E. TODARO, SR. and EDWARD SCIANDRA meeting with SCARFO at SCARFO'S Ft. Lauderdale, FL. residence. This was a high level mob meeting in that the bosses of three families met.

The physical surveillances and other investigations conducted during the "Operation Cherokee" investigation connected TODARO, SR. with identified members of the below-described Traditional Organized Crime Families:

BRUNO
GAMBINO
BONANNO
GENOVESE
BUFALINO
CHICAGO

and his own family members.

As the Operation Cherokee investigation progressed, Lt. David Green periodically purchased counterfeit wrist watches from mob figures. Most of these counterfeit wrist watches originated from Norman's House of Deals in New York City. During undercover meetings between Lt. Green and EDWARD SCIANDRA, acting Boss of the Bufalino Crime Family, SCIANDRA took credit for originating the contact for counterfeit wrist watches for the mob with Norman's House of Deals. SCIANDRA, a New York City resident heads the Pittston, PA. based Bufalino Crime Family while RUSSELL BUFALINO is in prison. SCIANDRA appears to have discovered a way to avoid law enforcement attention. He resides in New York City, the home of the five major crime families, where he maintains autonomy and is the acting boss of a crime family based in Pittston, PA. and the Binghamton, NY area. Further, SCIANDRA when in South Florida during the winter months, resides with long-time associates at various locations. This means that any one jurisdiction will find it difficult to concentrate on SCIANDRA. There were indications developed during this case that SCIANDRA was involved in high level money laundering schemes, one of which occurred in Hollywood, FL. in 1987 with JOSEPH E. TODARO, SR.

The Bufalino Crime Family has a history of being involved in Labor Racketeering and Extortion. A self-professed hitman, CHARLES ALLEN, testified that RUSSELL BUFALINO was the leader of a group of men who participated in two murders, three attempted murders, two acts of arson, and the embezzlement of union funds from 1973 to 1976 (information obtained from the 1980 Pennsylvania Crime Commission Report).

In the Spring of 1987, Lt. Green and Det. T. Peter Stephens, attended a meeting at JOE SONKEN'S GOLD COAST RESTAURANT AND LOUNGE in Hollywood, FL. Others present at this meeting were ANTHONY "GOV" GUARNIERI, ELLIS F. KLEPFER and NICK RIBILOTO. GUARNIERI informed Lt. Green that he was asked by RIBILOTO to settle a labor situation where an unnamed labor racketeer facing charges may testify against RIBILOTO. GUARNIERI indicated he would attempt to negotiate with the person who may testify. GUARNIERI informed Green that his friend, ELLIS, was a big man in the labor unions and has done many favors for GUARNIERI'S friends. KLEPFER was indicted in 1983 by the U.S. District Court for the Middle District of Pennsylvania regarding his part in attempting to settle a strike by Local 481 of the Bakery, Confectionery and Tobacco Union, by bribing the president of the Spaulding Bakeries, Inc. in Binghamton, New York.

JOE SONKEN'S GOLD COAST RESTAURANT AND LOUNGE is listed in the 1980 Pennsylvania Crime Commission Report:

> "Meetings in Florida between Bufalino and Pittsburgh boss JOHN LaROCCA have also been documented. In Florida, Bufalino holds court in JOE SONKEN'S GOLD COAST RESTAURANT, in Hollywood, at which he has been seen meeting with LaROCCA, GABRIEL "KELLY" MANNARINO, a LaROCCA Capo, and FRANK GAGLIARDI, a member of the New York Gambino Family."

One of the primary meeting locations between Lt. Green and ANTHONY "GOV" GUARNIERI was JOE SONKEN'S GOLD COAST RESTAURANT AND LOUNGE. In August 1985, Lt. Green was with GUARNIERI at said establishment when GUARNIERI was notified by JOE SONKEN that the Bufalino hitman, CHARLES FRATELLO, received a first degree murder conviction in the shooting of a patron at the Seminar Lounge in Pompano Beach, FL. SONKEN was angry at GUARNIERI because nobody could find GUARNIERI during the day to notify him of the conviction. It is alleged that FRATELLO, who currently is in the Florida prison system, could clear numerous homicides he committed on behalf of RUSSELL BUFALINO and others. GUARNIERI was visibly upset at the news of this conviction.

GUARNIERI often remarked at the number of times he met with his associates over the years at JOE SONKEN'S GOLD COAST. GUARNIERI told Lt. Green that when RUSSELL BUFALINO stayed at his Hollywood, FL. residence, he was at the GOLD COAST every day. GUARNIERI mentioned another close associate, who met with RUSSELL BUFALINO and JOE SONKEN daily at the GOLD COAST, "KELLY", who GOV described as being a big man in the Pittsburgh crew. GUARNIERI was referring to LaROCCA Capodecina Gabriel MANNARINO a/k/a KELLY. MANNARINO

died in 1980, and according to GUARNIERI, JOE SONKEN almost "fell apart" over MANNARINO'S death. GUARNIERI indicated that the GOLD COAST LOUNGE, which is a multi-million dollar establishment, was financed by MANNARINO for SONKEN, who was just a bartender at a hole in the wall bar in Hollywood in the "old days". GUARNIERI also credited MANNARINO'S Jewish associates with setting up the first Indian Bingo operation in Hollywood, FL. Indian Bingo, as well as other forms of gambling, does not require State licensing nor are any gambling regulations allowed by law enforcement on any Indian reservation. MEYER LANSKY was believed to have been involved in setting up the first Indian Bingo with undisclosed interests. LANSKY, now deceased, was also known to have frequented JOE SONKEN'S GOLD COAST. The following are some of the organized crime figures known to frequent the GOLD COAST LOUNGE during the Operation Cherokee investigation:

JOSEPH E. TODARO, SR. - Boss of the Magaddino Crime Family

EDWARD SCIANDRA - Acting Boss of the Bufalino Crime Family

JOHN GOTTI - Boss of the Gambino Crime Family

JERRY CHILLI - Member of the Bonanno Crime Family

STEVE MARUCA - Member of the Bonanno Crime Family

MATTEO FORTUNATO - Capo in the Genovese Crime Family

WAYNE BOCK - Alleged hitman for the Chicago Group

FRANK SCHWEIS - Alleged hitman for the Chicago Group

Lt. Green has been in the GOLD COAST RESTAURANT and was present when JOE SONKEN relayed information to GUARNIERI that RUSSELL BUFALINO had called from prison to SONKEN at the GOLD COAST. Further, Lt. Green was present on another occasion when SONKEN handed the telephone, located in the GOLD COAST RESTAURANT, to GUARNIERI and according to GUARNIERI this turned out to be a big bookmaker and close associate from New York, who was trying to reach GUARNIERI. The significance of this first-hand information is supportive of law enforcement information that JOE SONKEN maintains a national message center for organized crime figures.

The above-described message center is one example of the interrelationships of the various La Cosa Nostra families in Broward County, FL. These groups co-exist in a friendly atmosphere as long as no one infringes on someone else's enterprise. With the exception of pornography, almost any criminal activity is open to any mob figure or group as long as it doesn't interfere with a connected person or group's activities. The distribution of pornography on an organized basis appears to be under the control of the Gambino Crime Family.

The following are additional observations and/or opinions of Lt. David Green, influenced by the two-year undercover assignment.

When traditional organized crime figurs converse, the communication goes beyond the spoken word. There is an unusual understanding that transcends what is said. As an example, Lt. Green was able to understand points of communications between himself and GOV GUARNIERI, that was not actually spoken. This was learned when Lt. Green played back tape recordings to get the exact language of several important situations and determined that words were not recorded even though Lt. Green was aware of a clear understanding of what transpired. It was well into the second year of this case and some fifty (50) meetings between GUARNIERI and Lt. Green before Green developed the ability to understand that more was happening in the communication process than words.

The recent incarceration of the Mafia Commission forced an unwanted realization on the mob hierarchy; they are not immune from prosecution. The effect of law enforcement's recent success is yet to be seen, but it is the opinion of Lt. Green that properly funding long-range undercover investigations and proper use of Title III and the Racketeering Statute, especially when combined, are a means of delivering the fatal blow which will destroy Traditional Organized Crime as we know it today.

The newer problem is the emerging Organized Crime Groups: Cubans, Colombians, Blacks, Jamaicans, Asians, etc. These groups will be addressed in the following section.

For additional information, please see the attached exhibit, titled, "TODAY'S MAFIA TRENDS AND EMERGING GROUPS".

## EMERGING ORGANIZED CRIME GROUPS

Emerging Organized Crime Groups is a term used to describe Asian, Black, Cuban, Colombian and other ethnic groups that operate organized criminal enterprises in this county. The word "Emerging" is misleading. Not only have they emerged, these groups have been involved in illegal activities of an organized nature in the United States for many years.

## CUBAN ORGANIZED CRIME

What criminal organization could handle sports bets without a limit at a constant point spread; or accept a ½ million dollar sports parlay wager with a payoff of $13.00 to every $5.00 wagered. (This payoff for a single wager is $650,000.00). There is only one such organization and it is not the Mafia. The answer is: **Cuban Organized Crime.** The following is a summary of a previous undercover investigation conducted by Lt. Green, which led to the astounding facts regarding Cuban Organized Crime.

In 1984, David Green, who was at that time a Special Agent with the Florida Department of Law Enforcement, was engaged in an undercover capacity as an Irish-American cocktail lounge owner in Tampa, FL. The focal point of this investigation was the Trafficante Crime Family's bookmaking operation. The undercover investigation snowballed into a Miami area based Cuban bookmaking operation. David Green began placing undercover wagers with a Cuban named ALFONSO RAMOS in the pre-season (August) of 1984. These wagers were medium range wagers of between $500 and $2,000 per contest. This style of undercover activity continued until November 22, 1984. During this period, RAMOS accepted approximately $100,000 in wagers from Green, which is not unusually high. However, the wagering between November 22, 1984 and December 9, 1984 intensified. RAMOS accepted $633,000.00 in wagers from Green, including an additional $9,600.00 in vigorish and a $7,000 commission paid by RAMOS during ten (10) actual days of wagers; three (3) of which were single Monday Night contests and one double day contest on Thanksgiving, leaving only six (6) days where multiple games were played. In addition to this wagering pattern, Dave Green introduced a reliable source and ex-bookmaking to RAMOS, who placed an additional $600,000 in wagers with RAMOS.

(See attachment of Exhibit A, which is the wagers accepted by RAMOS between November 22, 1984 and December 9, 1984).

The original introduction to ALFONSO RAMOS was made by a Miami based Cuban lottery operator, who controlled a lottery operation in the Tampa area. The lottery operator informed Green that RAMOS, unlike all bookmakers, did not have a limit on his bets. Green determined this to be accurate information. Further, the Cuban Organization did not move the point spreads to their benefit, when accepting large wagers. RAMOS told Green about a narcotics dealer from the Ocala, FL. area that placed $250,000 on two team

parlay bets. Green determined that supportive documentation was available regarding this matter. The Ocala, FL. authorities connected toll calls from a suspected Latin narcotic trafficker in Ocala to the same telephone number Green called to place the above-described wagers.

When the RAMOS operation was the subject of search warrants in December 1984, more than $500,000 in cash was seized. The search warrants determined that the RAMOS group made tape recordings of the wagers they accepted on the telephone. Further, this operation used computers to maintain wagering accounts. RAMOS often referred to the big lay-off office he called "the bank".

Lt. Green met with RAMOS six times in Miami. On several occasions Green had lunch or dinner with RAMOS and lottery operators. They appeared to be all one big happy enterprise. A previous investigation in 1982 connected ALPHONSO RAMOS to the JOSE BATTLE organized crime organization known as the corporation. BATTLE'S organization is also known to use tape recorders to record wagering activity allegedly to avoid error.

EXPERT OPINION

Lt. David Green has been qualified as an expert in the field of bookmaking investigations in various circuit courts within the State of Florida. For the past sixteen (16) years, Dave Green has provided instruction in bookmaking investigations for more than three thousand (3,000) law enforcement officials from thirty-five (35) states. During these lectures, Green has sought information as to gambling activities and trends in the area the students originated from. To date, Green has never received information regarding any other bookmaking organization that can handle the amount of money that the Cubans did in the above-described information. Further, these same Cuban organizations also operate multi-million dollar lottery enterprises. Therefore, it is the opinion of David Green that Cuban Organized Crime finances and controls the largest illegal gambling enterprises in the United States if not the world.

For additional information as to the structure of Cuban Organized Crime, refer to the attached Exhibit: "TODAY'S MAFIA TRENDS AND EMERGING GROUPS".

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## INTERRELATIONSHIPS BETWEEN FEDERAL AND STATE AGENCIES

The method of operating a joint investigation between the Federal Bureau of Investigation and State or local agencies suffers from the requirement mandated to the Bureau by the Attorney General, that a letter of agreement must be signed by said State or local agency with the F.B.I. This letter predetermines the roll of the F.B.I. as the Control Agency in the investigation. Negotiations are not permitted by State and local law enforcement. This document is in reality a letter of surrender.

A primary objection to the letter of agreement as it currently stands is that many local and state law enforcement officers not only possess the expertise to successfully control a major investigation, they are usually closer to the grass roots problems in their own communities.

A solution to this one-sided situation would be a contract agreed upon by the various agencies involved. The contract should clearly outline the duties and responsibilities and legal limitations jointly agreed upon by the head of those agencies involved.

Most long-range investigations are financial burdens for local law enforcement. Currently, Federal funding for local law enforcement cases can be applied for if the target subjects are involved in narcotics. There is no argument that narcotics violations warrant Federal funding. However, there appears to be no Federal funding assistance readily available for the investigation of Traditional Organized Crime violations, such as homicide, loansharking, extortion, labor racketeering, pornography, gambling, dealing in stolen property, etc. Therefore, if local law enforcement intends to conduct a long-range Mafia investigation, the F.B.I. is the agency contacted for assistance, because of the Organized Crime funding available to said agency.

EXHIBITS

1. Book Titled: Today's Mafia Trends and Emerging Groups

2. Exhibit A, Undercover Wagers Placed With Cuban Organized Crime.

3. Exhibit B, Copy of the 1980 Pennsylvania Crime Commission Report, those pages with reference to:

   BUFALINO CRIME FAMILY
   RUSSELL BUFALINO
   EDWARD SCIANDRA
   ANTHONY "GOV" GUARNIERI
   LaROCCA CRIME FAMILY
   GABRIEL MANNARINO
   JOSEPH SONKEN
   GOLD COAST RESTAURANT, HOLLYWOOD, FL.

4. Exhibit C, Copy of 1968 Fort Lauderdale News Article, captioned "What's Mafia? Joke, says angry SONKEN".

5. Exhibit D, Copy of a 1975 Florida Vehicle Registration in the name of "RUSSELL BUFFALINO", with the address of "c/o JOE SONKEN REST., 606 N. OCEAN DR., HOLLYWOOD, FL." BUFALINO had two "FF'S", which has been a common mistake in the spelling of the mob boss' last name. 606 North Ocean Drive, Hollywood, FL. is the address of JOE SONKEN'S GOLD COAST RESTAURANT AND LOUNGE.

6. Exhibit E, Copy of a 1978 Florida Vehicle Registration in the name of RUSSELL "BUFFALINO" at 2033 Jefferson Street, Hollywood, FL. The last name is also misspelled. However, 2033 Jefferson Street was the Hollywood residence of BUFFALINO the crime boss, prior to his incarceration.

7. Exhibit F, Copy of Four Pages of the 1981 Pennsylvania Crime Commission Report, containing references to:

   EDWARD SCIANDRA

   In the 1980 Pennsylvania Crime Commission Report, SCIANDRA was identified as a Capo in the BUFALINO Crime Family. In the 1981 edition, SCIANDRA was identified as udnerboss and acting as boss of the family while RUSSELL BUFALINO was incarcerated.

8. Exhibit G, transcript of conversation between STEVE CAVANO (arrested as a result of Operation Cherokee) and the Broward County Sheriff's Office undercover team. CAVANO identified EDWARD SCIANDRA as the person in charge of the BUFALINO Crime Family.

9. Exhibit H, Transcript identifying JOSEPH E. TODARO, SR. boss of his crime family.

10. Exhibit I, Copy of BENNIE MUSSO'S New York Teamster's Conference Pension & Retirement Fund Check.

Broward Sheriff's Office

# Organized Crime Centre

• PRESENTS •

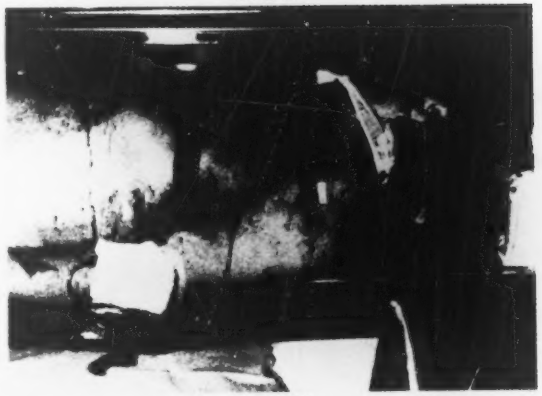
# Today's Mafia
# Trends and Emerging Groups

Mafia Problem Solving Methods

THEN

*1950's*

NOW



*1980's*

Organized Crime Department
Fort Lauderdale, Florida
Nick Navarro, Sheriff

## A Welcome From The Sheriff

On behalf of the Broward Sheriff's Office, I would like to extend a warm welcome to all attendees, invited speakers and guests.

Over the past decade law enforcement has made significant progress against all forms of organized crime. Through the dedicated efforts of many people, especially the instructors and attendees of this conference, the growing and devastating threats of organized criminal activity have been recognized and addressed. I am pleased the Organized Crime Centre of my office is coordinating this vital conference where the agenda will focus on the concepts of mutual cooperation as the key to effective law enforcement.

The contents of this program booklet are data developed and documented through recent multi-agency investigations about national crime problems impacting on the citizens of Broward County. Each individual identified here met rigid standards of documentation and accuracy and those named are by no means all of the organized crime suspects connected with South Florida. Our intent is to promote aggressive investigations and prosecutions as well as providing government officials with reference data important to effective performance against organized criminal schemes. When all elements of the criminal justice system are better informed and work together, we can make a difference.

My best wishes for a successful conference and I hope our visitors have an enjoyable stay in Broward County.

**Nick Navarro**
**Sheriff**

## From The Director Of O C D

The Organized Crime Department of the Broward Sheriff's Office extends a welcome to all participants and guests attending our "Today's Mafia Conference." The primary aim of this first conference is to inform the law enforcement community about recent trends of Mafia activity and provide an up-date about emerging criminal groups. In addition to the wealth of investigative, intelligence and printed material received by each officer, an Intelligence/Operations Survey is being administered to allow each attendee to submit recent information for the benefit of all attendees.

The success of any program is directly related to the effort put forth to make it a success. During the past two years, many professionals have successfully taken direct action against organized crime families and groups and shared their experiences and knowledge with others. This conference is designed to allow all attendees to learn and exchange operational information among themselves and with a nationally recognized faculty of experts.

One conference cannot cover all aspects of the organized crime problem in the United States, but we hope to host other programs and training sessions to address this need.

My staff will be available throughout the conference if you need any assistance and I hope you will have a pleasant stay.

**Steve Bertucelli**
**Director**

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# Today's Mafia
## Trends and Emerging Groups

| TUESDAY, December 15, 1987 | WEDNESDAY, December 16, 1987 | THURSDAY, December [illegible] |
|---|---|---|
| 8:30 A.M. . . . . Registration and Orientation<br>9:00 . . . . . William H. Dunman, BSO/OCD | 8:30 A.M. . . . . Organized Crime Trends and the Public (Asian Update)<br>9:20 . . . . . Fred Martens, Pa. Crime Comm. | 8:30 A.M. . . . . Nat'l. Intelligence Update |
| 9:00 . . . . . WELCOME<br>9:30 . . . . . Sheriff Nick Navarro | 9:30 . . . . . Future of Organized Crime in U.S. Inside the President's Commission Report<br>10:20 . . . . . Justin Dintino, N.J. SCI | 10:30 . . . . . Deputy Director Richard [illegible] Office of Intelligence, DEA, Washington, D.C. |
| 9:45 . . . . . Mafia History / Structure | 10:30 . . . . . The Rackets Bureau<br>11:20 . . . . . Charles Rogovin, Temple Univ. | 10:30 . . . . . Obscenity/Child Pornography and the Mob<br>11:20 . . . . . William Kelly, BSO/OCD |
| 12:20 . . . . . Ralph Salerno, NYPD (Ret.) | 11:30 . . . . . The Organized Crime Unit Objectives and Targets<br>12:20 . . . . . Steve Bertucelli, BSO/OCD | 11:30 . . . . . Money Laundering and Banking Operations<br>12:20 . . . . . Dennis Feiger, U.S. Customs |
| 12:20 P.M. . . . LUNCH | 12:20 P.M. . . . LUNCH | 12:20 P.M. . . . LUNCH |
| 1:30 . . . . . Canadian/U.S. Connections Italian Organized Crime<br>2:30 . . . . . R.P. Graziano, RCMP | 1:30 . . . . . Major Case Impact on Organized Crime<br>2:30 . . . . . Ronald Goldstock, NYOCTF | 1:30 . . . . . A Case in Point and Structural Summary Exercise |
| 2:40-3:50 . . . American/Caribbean Ethnic Crime<br>Al Lamberti, BSO/OCD<br>Robert Rios, BSO/OCD | 2:40 . . . . . The Law and Organized Crime Investigations<br>3:50 . . . . . G. Robert Blakey, Notre Dame | [illegible] . . . . . Dave Sears, BSO/OCD |
| 3:50-5:00 . . . Criminal Issues Involving Toxic and Hazardous Waste<br>Henry Heisey, Pa. Crime Comm.<br>Ralph Page, Channel 7, Miami | 3:50 . . . . . Mob Infiltration in Organized Labor<br>5:00 . . . . . Edwin H. Stier, Atty. | [illegible] . . . . . Course Evaluation/Critique<br>[illegible] . . . . . Certificates/Graduation |

BONANNO Mafia Family — New York

Frequents Joe Sonken's Gold Coast Restaurant Hollywood, Fla.

**MARUCA, Steven J.**
D.O.B. 9/9/28
F.B.I. 526227B
Plantation, Fla. resident

Maruca was born in Buffalo, New York and is known to be a close associate of Joseph E. Todaro, Sr. Boss of the Buffalo, New York Mafia Family.

**Non Member Associate**

Testified in November 1987 in Federal Court on behalf of Gambino Mafia Associate Richard DelGaudio which resulted in a narcotic conviction for DelGaudio.

**DeCRESCITO, Patrick**
D.O.B. 12/8/27
F.B.I. 673315L2
Hollywood, Fla. resident

Previous employment bartender at Joe Sonken's Gold Coast Restaurant, Hollywood, Fla.

GENOVESE Mafia Family — New York

Capodecina

**ALO, Vincent**
Alias: Jimmy Blue Eyes
D.O.B. 5/26/04
F.B.I. 554810
Hollywood, Fla. resident

**DeNOIA, JOHN J.**
Alias: J.J.
D.O.B. 11/23/27
Miami, Fla. resident

Close associate of Steve Cavano, operator of the Seminar Lounge, Pompano Beach, Fla.
CRIMINAL EXPERTISE: Sale of Counterfeit Trade Items

Frequents Joe Sonken's Gold Coast Lounge, Hollywood, Fla., where he has met with Joseph E. Todaro, Sr.— BOSS of the Magaddino Mafia Family.

**FORTUNATO, Matteo**
Alias: Matty Brown
D.O.B. 10/17/01
Hallandale, Fla. resident

Close Associate of Joseph E. Todaro, Sr.

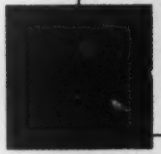
**CILENTI, Daniel**
D.O.B. 5/25/27
Hollywood, Fla. resident

CRIMINAL EXPERTISE: Illegal Gambling

GAMBINO Mafia Family — New York

BOSS

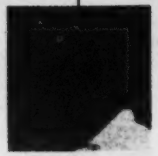
Visits South Florida periodically. Travels with bodyguards. Has eaten at Joe Sonken's Gold Coast Restaurant, Hollywood, Fla.



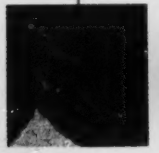
**GOTTI, John**
D.O.B. 10/27/40
New York resident

**IACOVETTI, David**
D.O.B. 2/21/17
Hollywood, Fla. resident

Very close associate of Joseph E. Todaro, Sr.—BOSS of Buffalo, N.Y. Mafia.
CRIMINAL EXPERTISE: Gambling, Shylocking, Narcotics.



**BONICA, Edward**
D.O.B. 4/22/24
Ft. Lauderdale, Fla. resident



**COVELLO, Joseph**
AKA: Demus
D.O.B. 5/9/24
F.B.I. 416567
Hallandale, Fla. resident
CRIMINAL EXPERTISE: Bookmaking Financier and Controller.

**RICHICHI, Natale**
D.O.B. 2/23/16
F.B.I. 791940
Ft. Lauderdale, Fla. resident

MAGADDINO Mafia Family — Buffalo, New York

BOSS

Frequents Joe Sonken's Gold Coast Restaurant and the Diplomat Hotel, both in Hollywood, Fla.
TODARO, Sr., was a primary suspect in a 1965 gangland-style murder.

**TODARO, Sr., Joseph**
Alias: Joe T.
D.O.B. 9/18/23
F.B.I. 3831577
Hollywood, Fla. resident November through May

**SCRO, Vincent**
D.O.B. 7/28/24
Plantation, Fla. resident

Married to one of Stefano Magaddino's daughters. Operates used car lot in Hollywood, Fla.

**Principal Non Member Associate**

**CAVANO, Steven X.**
D.O.B. 1/22/45
F.B.I. 68682268E
Sunrise, Fla. resident

**Principle Non Member Associate**

**DelGAUDIO, Richard**
D.O.B. 8/23/42
Dade County resident

**Principal Non Member Associate**

**MUSSO, Bennie**
D.O.B. 5/18/26
Oakland Park, Fla. resident

**Principal Non Member Associate**

**MACK, John J.**
Alias: Jack
D.O.B. 6/25/27
F.B.I. 233716L4
Dania, Fla. resident

BUFALINO Mafia Family

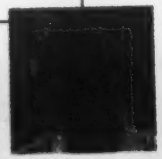
Pittston, PA & Binghamton, NY

ACTING BOSS

Sciandra has frequent meetings in Joe Sonken's Gold Coast Restaurant, Hollywood, Fla.

**SCIANDRA, Edward**
D.O.B. 11/13/12
New York resident
Spends winters in Broward County, Fla.

**FRATELLO, Charles**
D.O.B. 8/31/43
Currently serving a life sentence in Raiford State Prison, Fla., for a 1st degree murder committed in Broward County, Fla.



**GUARNIERI, Anthony**
D.O.B. 5/1/10
F.B.I. 5073273
Stuart, Fla. resident

Capodecina

**Principal Non Member Associate**

**CAMUSO, James**
D.O.B. 1/23/26
Pompano Beach, Fla. resident
Operates Camuso's Lounge, Fort Lauderdale, Fla.

LUCCHESE Mafia Family

New York and New Jersey

Capodecina

**ACCETTURO, Anthony**
Alias: Tumac
D.O.B. 10/18/38
F.B.I. 938611C
Hollywood, Fla. resident

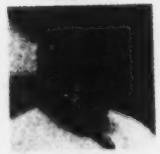
Capodecina

**LARATRO, Joseph A.**
D.O.B. 2/17/16
F.B.I. 263439D
Hallandale, Fla. resident

**Principal Non Member Associate**

**SIMEONE, Ronald**
D.O.B. 6/28/44
Hollywood, Fla. resident
Ft. Lauderdale, Fla., Auto Sales Company Operator. Previously had undisclosed interest in restaurant and cocktail lounge, Pompano Beach, Fla.

**Principal Non Member Associate**



**LARATRO, Daniel**
D.O.B. 1/20/49
F.B.I. 263439D
Hallandale, Fla. resident
Son of Joseph A. Laratro. Close Associate of Steve Cavano at Seminar Lounge, Pompano Beach, Fla.

**Principal Non Member Associate**

**SUPPA, Frank**
D.O.B. 11/28/40
F.B.I. 9275219D
Hollywood, Fla. resident

DeCAVALCANTE Mafia Family — New Jersey

**OCCHIPINTI, Robert B.**
D.O.B. 2/15/20
Lighthouse Point, Fla. resident

CRIMINAL EXPERTISE: Extortion, Shylocking, Labor Racketeering. Meets frequently with Sam the Plumber DeCavalcante.

Frequents Diplomat Hotel, Hollywood, Fla.

**VASTOLA, Gaetano**
Alias: Corky
D.O.B. 5/20/28
F.B.I. 4586221
Hollywood, Fla. resident

CRIMINAL EXPERTISE: Extortion. Close associate of John Riggi who is the acting boss of the DeCAVALCANTE Mafia Family.

**Principal Non Member Associate**

**MICALE, Ralph**
D.O.B. 3/1/22
Hollywood, Fla, resident

Drives Sam the Plumber DeCavalcante around South Florida. Observed recently meeting Joseph "DEMUS" Covello, a Gambino Mafia figure.

CLEVELAND Mafia Family

BOSS

Meets Cleveland mob figures in Broward County, Fla. Frequents Gulfstream Race Track, Hallandale, Fla.

**TRONOLONE, John P.**
Alias: Peanuts
D.O.B. 12/12/10
F.B.I. 370314
Miami Beach, Fla. resident

Operates Peter Pan Travel Agency, Dade County, Fla.

CRIMINAL EXPERTISE: Bookmaking and Shylocking. TRONOLONE is closely associated with most Mafia figures who have relocated in South Florida.

**Principal Non Member Associate**

**DiGERONIMO, Patrick**
D.O.B. 8/27/19
Hobe Sound, Fla. resident

Principal Non Member Associate

Frequents Joe Sonken's Gold Coast Restaurant, Hollywood, Fla.

**GAMBINO COLUMBO**
**BONANNO GENOVESE**
**LUCCHESE NEW ENGLAND**

**NATALIZIO, Mario**
D.O.B. 8/19/27
Hollywood, Fla. resident

CRIMINAL EXPERTISE: Loanshark



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## About The Organized Crime Centre and Command Centre

The Organized Crime Centre and Command Centre are units within the Sheriff's Organized Crime Department and have a primary mission to address the specialist training of hundreds of Sheriff's Deputies in the areas of investigation, intelligence, major crime and terrorism.

Centre staff also assist in intelligence coordination through planned meetings and strategic planning sessions.

Multiple agency participation is encouraged for all courses and programs allowing BSO personnel and officers from throughout the United States as well as Florida to learn from each other while discussing issues with experts on the faculty about mutual problems having local impact.

Sheriff Nick Navarro has authorized a new training facility for the Centres, which will open in January 1988 in the Fort Lauderdale area. Most of the scheduled courses will be held there. The new location is 100 West Cypress Creek Road, 10th floor, Ft. Lauderdale, FL 33309—telephone 305/492-1810.

The Organized Crime Centre is pleased to serve as your host and if we can be of further assistance, feel free to contact staff members or call us. Contact names and telephone numbers are also located at the end of each section. For the Organized Crime and Command Centres, contact:

**Commander William H. Dunman**
**BSO/Organized Crime Centre**
**P.O. Box 2505**
**Ft. Lauderdale, FL 33303**
**Telephone: 305/492-1810**



## Conference Introduction

The purpose of this document is to provide current photographs, illustrations and intelligence about organized crime figures and structures for law enforcement officers and other criminal justice personnel engaged in:

A) Training and education
B) Investigative efforts against syndicate crime
C) Prosecutive and legislative actions against organized crime.

This report and the Today's Mafia conference will concentrate on three major tasks:

A) Presenting the definitions of organized crime and police intelligence
B) An examination of recent Mafia activities in the U.S. and information about emerging groups and their leadership causing impact in South Florida and the nation
C) Reviewing a recent undercover operation conducted by Broward Sheriff's Office, Organized Crime Department personnel against the Mafia.

> **Organized Crime**
> **A self-perpetuating, continuing criminal conspiracy for the power and profit using fear and corruption while seeking immunity from the law.**

The definition of organized crime shown on this page was first developed at the now famous Oyster Bay Conferences and is frequently utilized by an Oyster Bay participant, Ralph Salerno, at police training sessions conducted nationwide.

To enhance the investigative uses of the data to be presented, a summary of the emergence and growth of La Cosa Nostra, as published by the New Jersey Commission of Investigation in their 1987 **Organized Crime Roster** is presented here.

### La Cosa Nostra Background

By 1930 two major factions of organized crime had emerged in the United States, both based in New York City. One faction was headed by Giuseppe (Joe the Boss) Masseria and the other by Salvatore Maranzano. A deadly struggle for power between the two groups developed. The battle became known as the Castellammarese War because most of the Maranzano clan hailed from the Sicilian coastal town of Castellammarese del Golfo. Masseria and most of his followers had roots in the northern mainland of Italy and were aligned with Masseria. Masseria's faction produced such ultimately notorious gangsters as Vito Genovese, Joseph (Joe Adonis) Doto, Francesco (Frank Costello) Castiglia, Carlo Gambino, Charles (Lucky) Luciano, Albert Anastasia, Joseph (Stretch) Stracci, Meyer Lansky and Benjamin (Bugsy) Siegel. The Maranzano gang also included members who would become national symbols of underworld infamy, such as Joseph (Joe Bananas) Bonanno, Joseph Profaci, Stefano Magaddino and Thomas (Three Fingers Brown) Lucchese.

By early 1931 Maranzano's gang gained the advantage and Masseria made overtures of peace. As the conflict turned against Masseria, five of his

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leading men—Genovese, Luciano, Ciro Terranova, Frank Livorsi and Stracci—secretly defected to the Maranzano camp.

Luciano, at Maranzano's behest, arranged a lunch with unsuspecting Masseria at a restaurant in the Coney Island section of Brooklyn on April 15, 1931. After their meal Luciano and Masseria began to play cards. Luciano moments later excused himself from the table. During his absence, several men entered the restaurant and shot Masseria to death. The assassination ended the Castellammarese War.

Soon after Masseria's murder, Maranzano advised his followers that he had created a master plan for an expanded organization of which he would be the leader. His plan called for the creation of five separate New York City-based "crime families" each having its own hierarchy. These families, which still exist, were made up of individuals from the winning and losing factions of the Castellammarese War. Overseeing the operation of each family was a boss or "capo," who was hand-picked by Maranzano and subservient to him. Maranzano held the title of "Boss of all Bosses" or "Capo di tutti Capi." The bosses initially selected by Maranzano to head the five New York families were Luciano, Tom Gagliano, Profaci, Bonanno and Vincent Mangano.

Maranzano's ascension to power and the organization he devised marked the formation of La Cosa Nostra. His organizational structure was subsequently adopted by La Cosa Nostra families across the nation. (La Cosa Nostra means "this thing of ours." It originally was a secret Italian society formed by the fusion of the Sicilian Mafia with mainland Italian criminal elements such as the Camorra).

Maranzano's reign as "Boss of Bosses" of his crime confederation was short-lived. Because of difficulties with Luciano and Genovese, he arranged to have these ambitious cutthroats killed by Vincent (Mad Dog) Coll. However, on the day Coll was to execute Luciano and Genovese (September 10, 1931), four unknown triggermen dressed as police officers, who were obviously aligned with Luciano and Genovese, murdered Maranzano.

After the death of Maranzano, Luciano assumed a temporary leadership role during which he replaced the position of "Boss of Bosses" with a La Cosa Nostra governing body known as "The Commission," which is still intact. He also established the position of counselor (consigliere) for each family to mediate internal disputes. Just as Maranzano's initial organizational structure was adopted by La Cosa Nostra families throughout the nation, so were the refinements developed by Luciano. Thus the La Cosa Nostra underworld as we know it today took permanent shape.

## Bosses Listed

There are more than a score of La Cosa Nostra organizations, commonly referred to as "families." Listed here are the cities/regions where the families are based, as well as the name of the individual currently believed to hold the position of boss.

**New York City:** Gambino—John Gotti, Genovese—Vincent Gigante/Anthony Salerno (incarcerated), Columbo—Victor Oreno/Carmine J. Persico, Jr. (incarcerated), Luchese—Victor Amuso/Antonio Corallo (incarcerated), Bonanno—Joseph Massino/Phillip Rastelli (incarcerated); **Chicago**: Joseph A. Ferriola/Angelo J. Aiuppa (incarcerated); **Philadelphia (Atlantic City)**: Nicodemo D. Scarfo (incarcerated); **Boston (New England)**: Raymond J. Patriarca, Jr.; **Buffalo**: Joseph E. Todaro, Sr.; **Rochester**: Angelo J. Amico; **Cleveland**: John P. Tronolone, Sr.; **Denver**: Eugene Smaldone; **Detroit**: Jack W. Tocco; **Kansas City**: William Cammisano, Sr.; **Los Angeles**: Peter John Milano; **Milwaukee**: Frank Peter Balistrieri (incarcerated); **North/Central New Jersey**: Simone DeCavalcante/John M. Riggi; **New Orleans**: Carlos J. Marcello (incarcerated); **Pittsburgh**: Michael J. Genovese; **St. Louis**: Matthew M. Trupiano, Jr.; **San Francisco**: James J. Lanza; **San Jose**: Emanuel J. Figlia; **Tucson**: Joseph Bonanno, Sr.; **Tampa**: Vincent Loscalzo.

The national La Cosa Nostra governing body, or Commission, is made up of the more prominent La Cosa Nostra bosses from throughout the nation. The Commission as of 1987 included the New York LCN leaders and the Philadelphia and Chicago crime bosses. It rules on disputes between families and members of different families that cannot be resolved by the families themselves. It also passes judgment on territorial or jurisdictional issues. In order to be considered for induction into La Cosa Nostra an individual must first be proposed by a member. Prospective members are selected from associates who are closely allied with already inducted members. Before being taken into the organization, a prospective member must first prove his value and loyalty. He may be asked to commit a criminal act, such as murder, if he has not already demonstrated his reliability.

In the American underworld, numerous emerging groups are also a part of the organized crime problem. As the power of the emerging criminal elements increases, significant parallels between traditional and other organized criminal groups are also developing. Beyond the organizational and operational similarities, infrequent joint agreements and alliances are increasing criminal power and profit.

We are also experiencing growing numbers of street level crimes which are directly related to the presence of organized criminal activity.

Some of the major activities of organized criminals are: narcotics, gambling, pornography and economic crimes. Street-level criminal statistics will increase in those communities where the organized criminals exist. Murder, robbery, burglary, larceny and assault rates are the most often affected.

To effectively combat the total crime situation, law enforcement must continue to develop pro-active strategies involving the entire criminal justice system. Police intelligence techniques are the primary tools leading to strategic and tactical investigative efforts proven most successful against major crime figures and organizations.

The data contained in this report combined with the conference presentations and other support material should place each attendee among those best informed about current organized crime problems and some of the methods utilized to combat them.

**Police Intelligence**
**Signifies knowledge pertaining to tactical and strategic investigative issues which are relevant to departmental goals.**

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# From The Horse's Mouth
# The Infiltration of the Mafia: 1985-1987

*By David Green, Section Supervisor, Racketeering and Intelligence Section*
*Organized Crime Division, Broward Sheriff's Office, Ft. Lauderdale, FL*

## Introduction

This Section pertains to information obtained during a two-year undercover investigation which started in May of 1985. This investigation, titled Operation Cherokee, was directed by the Broward Sheriff's Office, in conjunction with the below-described agencies:

Florida Division of Alcoholic Beverages & Tobacco

Metropolitan Organized Crime Intelligence Center, Ft. Lauderdale, FL

Federal Strike Force

F.B.I.

Broward County State Attorney's Office, Ft. Lauderdale, FL.

and in the prosecution phase:

Florida State-Wide Grand Jury.

## The Undercover Scenario:

The undercover scenario was uncomplicated and attractive to the mob. David Green played the role of a hijacker, specializing in the theft of alcoholic beverages. Detective T. Peter Stephens (BSO) played the role of an underling. Other investigators were used in short-range scenarios involving liquor transactions. The theme of the undercover scenario was to make allegedly stolen liquor available to the Mafia for distribution to liquor-licensed establishments that had undisclosed mob interests. At no time during the investigation did we "pedal" liquor from bar to bar to maximize arrest statistics. The primary objective was to supply an illegal service normally sought by organized crime figures in furtherance of our efforts to infiltrate the Mafia.

An undercover site, a warehouse located in Broward County, Florida, stocked with various liquors, was used as a meeting place between organized crime figures and the undercover team.

## Case Objectives:

As the undercover investigation continued, the success of the investigation increased, as described below:

**A.** Penetration of the upper level of the Bufalino LCN family.

**B.** Direct sales of allegedly stolen liquor to individuals who either operate, control and/or own, by legal means or by undisclosed interests, liquor-licensed establishments; as a result of introductions by ANTHONY "GOV" GUARNIERI, a Capodecina in the Bufalino LCN family.

**C.** The broadening of the undercover investigation from liquor and stolen property violations to the following activities:

- Narcotics
- Extortion
- Bookmaking
- Pornography
- Firearm Sale by Convicted Felon
- Conspiracy to Manufacture Silencers and Counterfeit Trade Violations

**D.** Criminal charges were placed against identified members of the below-named LCN families:

Bufalino Gambino Genovese

**E.** Criminal charges were placed, or are pending, against principal non-member Mafia associates from the below-listed LCN families. Many of these individuals are believed to be made members of their respective LCN families but are not listed as such because of the lack of official documentation:

Bonanno New England Genovese
Magaddino Bufalino DeCavalcante
Lucchese Gambino Chicago

## Anthony "GOV" Guarnieri:

GOV GUARNIERI, now residing in the Stuart, Florida, area, is originally from the Binghamton, New York, area. According to the 1980 Pennsylvania Crime Commission Report, GUARNIERI was residing in Florida, handling matters for the Bufalino LCN family. The same document described GUARNIERI as a "Capo" in said LCN family.

MR. GUARNIERI was an attendee at the 1957 Apalachin (New York) meeting where the Mafia was caught literally with their pants down. This 1957 meeting may be the most devastating event ever encountered by organized crime. It virtually woke up law enforcement on a national basis. The meeting itself made the statement: The Mafia is real and they meet like legitimate businessmen; therefore, they must be organized.

GOV spoke to this writer about an incident which resulted from the Apalachin meeting, which almost cost him his life. GUARNIERI has always prided himself on his sense of humor. It was his humor which caused a big ripple in 1957 in the Mafia. GUARNIERI and most of the Apalachin attendees were the subject of subpoenas to appear before official inquiries. These appearances created a large media turnout. When asked by a reporter on how he intended to answer the questions at the inquiry, GUARNIERI answered in jest, "of course I'm going to tell the truth, I always tell the truth." By late afternoon of that day, newspapers in New York printed a headline story, something to the point that "GUARNIERI will tell all before the Apalachin Hearings." GUARNIERI was ordered to meet with RUSSELL BUFALINO, who was trying to keep him from being killed by other LCN family members because of the news article. GUARNIERI was forced to "lay low" until RUSSELL BUFALINO could convince the other Mafia families that GUARNIERI had no intention of telling the truth. GUARNIERI was a much younger man at this time and was headed upward in the hierarchy of the mob.

GOV GUARNIERI is now a frail old man. I have been asked on occasion why we made such a large commitment, targeting a man like GUARNIERI. My answer is: "he is a man in a powerful position in a group prone to illegal activity." Many law enforcement officials believe that investigating anyone over seventy years old is a waste of time. That's comparable to believing that the decisions rendered by the U.S. Supreme Court cannot be that important because many of the jurists are in the seventy-years-of-age-or-older category.

During the undercover investigation, we learned from direct contacts that GUARNIERI's organization calls him the "lamb who really is a wolf."

With this thought in mind, I will provide you with a situation which tends to confirm why GUARNIERI has the above nickname. GUARNIERI introduced me to a man who resides in Buffalo, New York, who GUARNIERI described as a machinist who makes silencers. GUARNIERI detailed how well these silencers were manufactured and, unlike most silencers, there was no need to discard them after one or two uses because they did not break apart. GOV told me the silencers could be used over and over forever. What GUARNIERI was saying was these silencers, which are noise suppressors for firearms, could be used in murder after murder forever. This is an example of a frail **old man who looks like a lamb, but acts like a wolf!**

## Mafia Trends

Recent court proceedings, incarcerations, and deaths, natural or not, have caused movement in organized crime. The targeting and eventual incarceration of leadership of the New York families is an example of the disruption of the Mafia hierarchy.

The Operation Cherokee undercover investigation was in full swing at this time, which was a critical period for organized crime. The Mafia was reeling from the impact of New York families' legal problems in conjunction with the death of a well-respected Mafia chieftain, SANTO TRAFFICANTE, JR., boss of the Tampa, Florida, LCN family. The ripple effect created by these situations at the time it reached the street was **caution** the size of a tidal wave. The following are some of our significant observations made during this period:

1. ANTHONY ACCETTURO, a/k/a TUMAC
(Capodecina, Lucchese LCN family)

Until his recent legal problems in New Jersey, ACCETTURO was a force to be reckoned with in Broward County, Florida. His illegal activities were wide-spread and his power on the street was tremendous. Since his recent hearings and trial, ACCETTURO's power and activities have subsided in South Florida. ACCETTURO's South Florida power base is on the down-swing.

2. JOSEPH E. TODARO, SR., the man on the up-swing
(Boss of the Magaddino LCN family)

JOSEPH E. TODARO, SR., is the boss of the Buffalo, New York, LCN family, once known as the Magaddino Family. TODARO resides at 3111 North Ocean Drive, Apartment 310, and at the Diplomat Hotel, both being in the City of Hollywood, Florida. He lives here between November and May of each year. TODARO, SR., appears to be the man to see to settle disputes. His position may have increased in importance with the demise of the Mafia Commission.

TODARO was surveilled in February of 1986 by the Fort Lauderdale-based Metropolitan Organized Crime Intelligence Unit meeting with two Mafia bosses: NICODEMUS SCARFO, boss of the Bruno LCN family, and EDWARD SCIANDRA, Acting Boss of the Bufalino LCN.

The Operation Cherokee investigation connected TODARO, SR., with: DAVE IACOVETTI, Gambino LCN family; DANIEL CILENTI and MATTEO FORTUNATO, both with the Genovese LCN family; RONALD SIMEONE, a close associate and blood relative of ANTHONY ACCETTURO, in the Lucchese LCN; and VINCENT SCRO, a member of TODARO, SR.'s, LCN family.

TODARO, SR., is known to "hold court" in the Dinghy Restaurant, located at the Diplomat Hotel, Hollywood, Florida, where he has met such mob figures as STEVE MARUCA, a member of the Bonanno LCN family. One such meeting occurred in 1986 at a time when the Buffalo, New York, authorities had information regarding a Buffalo resident who was a member of the TODARO, SR., family, who was allegedly en route to South Florida with a large sum of money to buy cocaine. STEVE MARUCA allegedly deals in distribution of large amounts of cocaine, and is currently meeting in Hollywood, Florida with Gambino Family mafia figure Guidio Penosi.

3. THE GAMBINO LCN FAMILY IN SOUTH FLORIDA

The Gambino LCN family, in South Florida, appears to be expanding in size which allows for increased illegal activities. During the undercover investigation, we learned that Gambino individuals heretofore listed as associates, were in fact family members and persons identified as soldiers were receiving the tribute and respect normally given to a Capodecina.

GOTTI, JOHN (Gambino Family Boss)

The Gambino LCN family boss, JOHN GOTTI, visits Florida frequently, usually residing at motels in Broward County. GOTTI is known to have dined in April 1987 at the renowned mobster hangout, JOE SONKEN's Gold Coast Restaurant and Lounge, Hollywood, Florida.

COVELLO, JOSEPH (a/k/a "DEMUS")

JOSEPH "DEMUS" COVELLO is a nationally known mob bookmaker financier. His reputation in the underworld is, "if you want to set up a mob-connected bookmaking operation in Broward County, DEMUS is the man to see. He's got the right connections." COVELLO, although he is listed by old public records as a soldier in the Gambino family, the two-year Operation Cherokee investigation revealed information that COVELLO receives the respect normally afforded a Capodecina.

COVELLO was indicted by the Federal Grand Jury for 18 USC Title 1955 (illegal gambling business) and 18 USC 371 (conspiracy) as a result of the Operation Cherokee investigation.

IACOVETTI, DAVID

As in the case of JOSEPH "DEMUS" COVELLO, IACOVETTI is publicly identified in old documentation as a soldier in the Gambino LCN family, where he enjoys the mob respect normally given a Capodecina. IACOVETTI operates Roberto's Italian Restaurant in Dania, Florida, where he can be seen meeting with high-ranking mob figures such as JOSEPH E. TODARO, SR.

RICHICHI, NATALE

RICHICHI is believed to have taken over ETTORE ZAPPI's nationwide interests in the porno business. ZAPPI, now deceased, was one of the first major organized crime figures to settle in Broward County.

BONICA, EDWARD

BONICA appears to answer to DAVE IACOVETTI. BONICA is listed as a soldier in the Gambino LCN family, was involved in the renovation of



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ETTORE ZAPPI, deceased Capo in Gambino LCN family. FBI surveillance residence after ZAPPI passed away.

DelGAUDIO, RICHARD (a.k.a. "RICHIE")

DelGAUDIO, a self-proclaimed new member of the Gambino LCN family, is a co-defendant with COVELLO in the above described racketeering arrest. DelGAUDIO is a street-level strong-arm type, prone to extreme violence.

CAVANO, STEVE

STEVE CAVANO is the co-operator of the Seminar Lounge in Pompano Beach, which is a flashy striptease nightclub. CAVANO was introduced to the undercover team by ANTHONY "GOV" GUARNIERI, who set up the sale of allegedly stolen liquor from the undercover team to CAVANO and FLOYD MATLICK, the licensed owner of said establishment. Both individuals were the subject of a November 1987 arrest for racketeering as a result of the undercover Cherokee investigation. CAVANO and MATLICK are relocated New Yorkers. MATLICK has a history of being a front for organized crime in the nightclub and restaurant business, stemming back to the 1970's in New York. CAVANO was arrested for trafficking in narcotics in New York in the mid-1970's.

CAVANO was a fugitive while he was the co-operator of the Seminar Lounge, until the summer of 1986, when someone called in an anonymous tip that he was a fugitive. CAVANO made bond and continued to manage said lounge.

CAVANO replaced Bufalino LCN hitman CHARLES "CHARLIE THE LIPS" FRATELLO as the co-operator at the Seminar Lounge after FRATELLO shot to death a patron in the kitchen of said establishment. FRATELLO is currently serving life in Raiford State Prison. CAVANO, as the undercover investigation proved, was connected to the Gambino LCN family in New York and in South Florida. CAVANO's connections are:

JOSEPH LaFORTE—New York

JOSEPH COVELLO—Broward County, Florida

DAVE IACOVETTI—Broward County, Florida

On one occasion, in 1987, the undercover investigation confirmed that CAVANO had communicated by telephone to the New York Gambino LCN family from the Hollywood, Florida, residence of DAVE IACOVETTI, in an alleged dispute between CAVANO and IACOVETTI, where the New York faction of the Gambino family ordered CAVANO to settle the matter in Florida with IACOVETTI. CAVANO claimed to have almost met his demise in New York over this dispute.

## Street Scene

This section will provide the reader with a visual aspect of situations that transpired during the Operation Cherokee investigation. All photographs were taken by Broward County law enforcement officers during surveillances of key mobsters and during actual undercover situations at target liquor establishments.

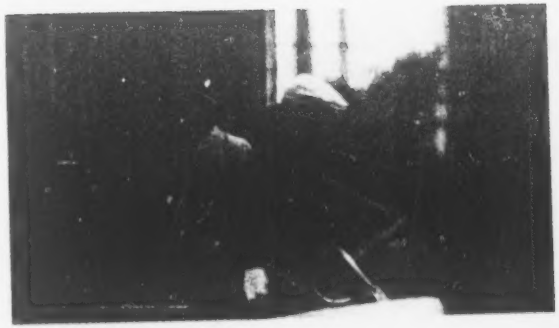
*Photograph 1, July 1985*
*South Broward County, Florida*

ANTHONY "GOV" GUARNIERI AND BENNIE MUSSO

ANTHONY FRANK GUARNIERI, a.k.a. "GOV," Capodecina in the Bufalino LCN family (left), and BENNIE MUSSO, GUARNIERI's long-time associate, meet in South Broward County. This meeting occurred at the time MUSSO started to move allegedly stolen liquor to mob-connected liquor-licensed premises, as a go-between for the Operation Cherokee undercover team.

*Photograph 2, July 1985*
*Pompano Beach, Florida*

BENNIE MUSSO supervises the delivery of allegedly stolen liquor through the rear door of the Seminar Lounge.



*Photograph 3, July 1985*
*Pompano Beach, Florida*

STEVE CAVANO (left) assisted ALLEN WOLF, a.k.a. "GREASER," move allegedly stolen liquor in the rear door of the Seminar Lounge. WOLF was the President of the Outlaw Motorcycle Gang in Florida.

Photograph 4, March 1987
Pompano Beach, Florida

JOHN J. DeNOIA (left with cigar) and STEVE CAVANO exit the front of the Seminar Lounge on the same date depicted in Photograph 4. DeNOIA, a soldier in the Genovese LCN family, was introduced to the undercover team by CAVANO in the office of the Seminar after CAVANO received allegedly stolen liquor. Based on CAVANO's introduction DeNOIA sold counterfeit wristwatches to the undercover for which he entered a guilty plea to a felony in Federal Court in September 1987. The photo depicts DeNOIA carrying styrofoam trays containing counterfeit trade items.

*Photograph 4, March 1987*
*Pompano Beach, Florida*

The Operation Cherokee undercover team deliver allegedly stolen liquor to STEVE CAVANO (blue-striped shirt with bottle in his hand) at the Seminar Lounge.

*Photograph 5, Spring 1986*
*Hollywood, Florida*

JOSEPH E. TODARO, SR. (left with cigar), and BENNIE MUSSO entering a vehicle at the Diplomat Hotel. MUSSO had switched his allegiance from GOV GUARNIERI to TODARO, SR., at this time.



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*Photograph 7, February 1986*
*Hollywood, Florida*

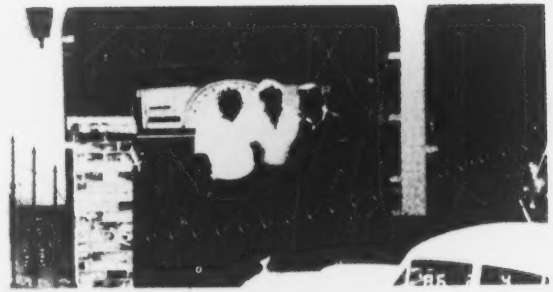
RONALD SIMEONE (left) and JOSEPH E. TODARO, SR.

*Photograph 8, February 1986*
*Hollywood, Florida*

RONALD SIMEONE (left) and JOSEPH E. TODARO, SR.

In a discussion at a restaurant. SIMEONE is a close associate of ANTHONY ACCETTURO, a Lucchese Capodecina. SIMEONE operated with undisclosed interest in Cinnamon's Restaurant & Lounge in Pompano Beach, Florida. SIMEONE purchased allegedly stolen liquor from the undercover team after an introduction was made by ANTHONY "GOV" GUARNIERI





*Photograph 9, February 1986*
*Ft. Lauderdale, Florida*

EDWARD SCIANDRA (left), acting Boss of the Bufalino LCN family; JOSEPH E. TODARO, SR. (center), Boss of the Magaddino LCN family; and NICODEMAS SCARFO, Boss of the Bruno LCN family, meet at SCARFO's Ft. Lauderdale residence prior to SCARFO's incarceration

*(Photograph provided courtesy of the Ft. Lauderdale-based Metropolitan Organized Crime Intelligence Unit)*

*Photograph 10, April 1987*
*Hollywood, Florida*

JOHN GOTTI (left in black), Boss of the Gambino LCN family and his bodyguards exit from JOE SONKEN's Gold Coast Restaurant and Lounge

*Photograph 11, Spring 1987*
*North Miami, Florida*

RICHARD DelGAUDIO (left), and JOSEPH "DEMUS" COVELLO, Gambino LCN mobster, in a discussion.

*Photograph 12, September 1986*
*Hollywood, Florida*

JOSEPH E. TODARO, SR. (left), and MATTEO FORTUNATO (with cap) met in the parking lot of JOE SONKEN's Gold Coast Restaurant and Lounge, Hollywood, Florida.

## Summary

Arrest statistics are law enforcement's traditional method of evaluating the success of an investigation. In that sense, the numerous Federal and State charges derived during this investigation place this case in a highly successful category. We at the Broward County Sheriff's Office Organized Crime Division believe this investigation was extremely successful because of other reasons, some of which are listed below.

Tremendous revenue will be lost by the LCN when the Beverage Division completes their licensing revocation at the targeted liquor-licensed establishments. This came about because of a high-ranking Mafia figure vouching for undercover police officers.

The undercover investigation penetrated the "DEMUS" COVELLO/ Gambino LCN bookmaking operation and effectively disrupted their revenue.

The reputation of the Mafia hierarchy has been damaged because undercover police officers were able to deal directly in narcotics transactions with a Mafia Capodecina. The Capo often remarked about the trouble he would have if his peers ever found out he was involved in narcotics **directly**. At one point in the investigation, the Capo was ordered to "sit down" with JOSEPH E. TODARO, SR., even though he was in a different LCN family. This Capo, "GOV" GUARNIERI, was extremely concerned that TODARO, SR., had discovered that GUARNIERI had been **directly** involved in narcotics transactions (with the undercover team).

During this investigation, approximately 2,000 undercover conversations were recorded. Many of these conversations provide insight into historical events of the Mafia as well as their current operating methods, patterns of association and philosophy.

If there is any need for any additional information or if anyone wishes to provide us with additional information, please contact any of the below individuals.

| | |
|---|---|
| **David Green, Section Supervisor** | Planned and supervised Operation Cherokee as well as engaging as the primary undercover investigator. |
| **Donald Veliky, Unit Supervisor**<br>**John Sampson, Detective** | Members of the surveillance team responsible for the majority of the photographs displayed during the "Street Scene" Section. |
| **T. Peter Stephens, Detective** | Case coordinator and a primary undercover investigator in the Operation Cherokee case. |

**Broward Sheriff's Office**
**P.O. Box 2505**
**Ft. Lauderdale, FL 33303**
**305-564-0833 up to Dec. 20th, 1987**
**After Dec. 21st, 1987 305-492-1810**



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|---|---|
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| Chart | ALO, VINCENT<br>DOB: 5/26/04<br>ADDRESS: 1248 Monroe St., Hollywood, FL<br>Capo in Genovese LCN |
| Chart and Narrative | BONICA, EDWARD<br>DOB: 4/22/24<br>ADDRESS: 2029 N. Ocean Dr., #412, Ft. Laud, FL<br>Gambino LCN family |
| Chart | CAMUSO, JAMES<br>DOB: 1/23/26<br>ADDRESS: 2212 S. Cypress Bend Dr., Pompano Beach, FL |
| Narrative and Street Scene Photos | CAVANO, STEVE (BRIAN MICHAEL BRADLEY)<br>DOB: 1/22/45<br>ADDRESS: 4013 N. University Dr., #102, Sunrise, FL |
| Chart | CILENTI, DANIEL<br>DOB: 5/25/27<br>ADDRESS: 2023 Dewey St., Hollywood, FL |
| Chart and Narrative | COVELLO, JOSEPH (DEMUS)<br>DOB: 5/9/24<br>ADDRESS: 707 Diplomat Pkwy., Hallandale, FL<br>Gambino LCN |
| Chart | DeCRESCITO, PATRICK<br>DOB: 12/8/27 |
| Chart and Street Scene Photos | DeNOIA, JOHN J. (J.J.)<br>DOB: 11/23/27<br>ADDRESS: 15701 N.W. 2nd Ave., Unincorporated Dade County, FL<br>Genovese Soldier |
| Chart | DiGERONIMO, PATRICK<br>DOB: 8/27/19<br>ADDRESS: 8459 S.E. Sabal St., Hobe Sound, FL |
| Chart and Narrative | FORTUNATO, MATTEO<br>DOB: 10/17/01<br>ADDRESS: 448 Tamarind Dr., Hallandale, FL |
| Narrative | FRATELLO, CHARLES E.<br>DOB: 8/31/43<br>ADDRESS: Serving Life Sentence, Raiford State Prison, FL<br>Bufalino LCN family soldier |
| Chart and Narrative | GUARNIERI, ANTHONY FRANK (GOV)<br>DOB: 5/1/10<br>ADDRESS: 6531 S.E. Federal Hwy., Stuart, FL<br>Capodecina Bufalino LCN family |
| Chart and Narrative | IACOVETTI, DAVID R.<br>DOB: 7/21/17<br>ADDRESS: 3111 N. Ocean Dr., Apt. #301, Hollywood, FL<br>Gambino LCN |
| Chart | LaRATRO, DANIEL<br>DOB: 1/20/49<br>ADDRESS: 618 Hibiscus Dr., Hallandale, FL |
| Chart | LaRATRO, JOSEPH A.<br>DOB: 2/7/16<br>ADDRESS: 543 Palm Dr., Hallandale, FL<br>Capo in Lucchese LCN family |
| Chart and Narrative | MARUCA, STEVE<br>DOB: 9/9/28<br>ADDRESS: 711 N. Pine Island Drive, Plantation, FL<br>Bonanno LCN family |
| Narrative and Street Scene Photos | MATLICK, FLOYD<br>DOB: 11/22/30<br>ADDRESS: 2044 N.W. 111th Ter., Coral Springs, FL |
| Chart and Narrative | MICALE, RALPH<br>DOB: 3/1/22<br>ADDRESS: 4831 Tyler St., Hollywood, FL |
| Narrative and Street Scene Photos | MUSSO, BENNIE<br>DOB.: 5/18/26<br>ADDRESS: 3391 N.W. 6th Ave., Oakland Park, FL |
| Chart | NATALIZIO, MARIO<br>DOB: 8/19/27<br>ADDRESS: 1615 S. 14th Ave., #3, Hollywood, FL |
| Chart | OCCHIPINTI, ROBERT B.<br>DOB: 2/15/20<br>ADDRESS: 3971 N.E. 24th Ave., Lighthouse Point, FL<br>DeCavalcante LCN family |
| Chart and Narrative | RICHICHI, NATALE<br>DOB: 2/23/16<br>ADDRESS: 3020 N.E. 46th St., Ft. Lauderdale, FL<br>Gambino LCN family |
| Chart and Street Scene Photos | SCIANDRA, EDDIE<br>DOB: 11/13/12<br>Acting Boss of Bufalino LCN family |
| Chart | SCRO, VINCENT<br>DOB: 7/28/24<br>ADDRESS: 7700 N.W. 13th Ct., Plantation, FL<br>Magaddino LCN family |
| Street Scene Photos | SIMEONE, RONALD<br>DOB: 6/28/44<br>ADDRESS: 4400 Buchanan St., Hollywood, FL |
| Chart and Narrative | TODARO, JOSEPH E., SR.<br>DOB: 9/18/23<br>ADDRESS: 3111 N. Atlantic Blvd., Hollywood, FL<br>Boss of the Magaddino LCN family |
| Chart | TRONOLONE, JOHN (PEANUTS)<br>DOB: 12/12/10<br>ADDRESS: 8090 Hawthorne Ave., Miami Beach, FL<br>Boss of the Cleveland LCN family |
| Chart | VASTOLA, GAETANO (CORKY)<br>DOB: 5/20/28<br>ADDRESS: 2751 S. Ocean Dr., Apt. PH18, Hollywood, FL |

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## Broward Lottery Bosses

Elijah Favor, Ebbie Sweet and Robert Hicks are Broward County illegal lottery bosses. These subjects have controlled illegal lottery operations throughout Broward County for the past twenty-five years. Numerous convictions were no deterrent to their operations.

These subjects today control the writers, pickup men and drop houses in Broward County. Prior to the late 1970's each controlled their own weekend operational counting houses. Beginning in the late 1970's each controlled their own weekend operational counting houses. Beginning in the late 1970's Cuban organized crime figures took over the drop houses and counting house in Broward County moving this aspect of illegal lottery into Dade County.

Today these same three subjects control Broward County illegal lottery writers, pickup men and drop off points. The proceeds from these illegal operations are funneled into Dade County and the proceeds of these operations pay for cocaine which is then returned to Broward County and sold through these operations writers.

**NAME:** FAVOR, ELIJAH
**ALIASES:** ELIJAH FLAVORS, ELIJAH FAVORS
**DOB:** 10/16/28
**LAST KNOWN ADDRESS:** 8 Liberty Terrace, Bld. #2, Apt. 16, Dania, FL

**NAME:** SWEET, EBBIE
**DOB:** 1/29/17
**LAST KNOWN ADDRESS:** 228 SW 11 Avenue, Dania, FL

**NAME:** ROBERT LEE HICKS
**ALIASES:** GEORGIA BULLDOG/BULLDOG
**DOB:** 7/4/29
**LAST KNOWN ADDRESS:** 3780 NW 3 Street, Ft. Lauderdale, FL

## Jamaican Organized Crime

In early 1984, it was apparent that a new type of criminal started to emerge in South Florida. Jamaican Nationals involved in organized narcotics and firearms trafficking are an emerging crime problem which has rapidly reached an epidemic proportion. The Jamaican Organized Crime Groups are commonly known as "Posses" and are involved in narcotics trafficking, smuggling firearms, home invasion robberies, fraud, money laundering and murder.

At this time, there are about 20 Jamaican posses involving several thousand members. The most prominent is the "Shower Posse." They are based primarily in Miami and New York, but have expanded to other Metropolitan areas. The Shower Posse Gang is an organized crime group that has approximately 300 members who are all Jamaican Nationals. The Shower Posse is only one of a number of Jamaican gangs in the South Florida area, but appears to be the largest and most organized in its criminal activity. The other Jamaican gangs that have shown some activity in the past several years in this area are the "Untouchables, Jungle Lights, Bantons and Spanglers."

All of these posses are extremely violent and are involved in major felony crime; however, the primary purpose of these groups is to gain control of drug trafficking in this area. Of primary concern to law enforcement is their disregard for human life. This has already resulted in numerous deaths of innocent bystanders and potential witnesses to their crimes. In several instances, the Shower Posse has purposely selected large crowds, such as dances, picnics and sporting events, to eliminate members of other gangs. They utilize automatic weapons and spray large areas to further their reputation for intimidation and violence.

The Shower Posse Gang does have a number of Rastafarians as members. Rastafarians are a Jamaican religious sect who are Black racists that often, but not always, wear their hair in a braided style called "dredlocks." These individuals are generally considered to be very violent and well organized.

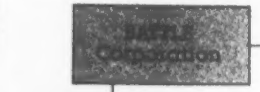
The overall motive of these gangs is to finance political factions of the Jamaican government through their criminal activities. However, some sources indicate that they have strayed from this original motive and are only involved in criminal activity for personal gain.

Historically, Jamaica has been a significant transshipment point for cocaine and marijuana entering the United States from Colombia. The geographic proximity of Jamaica to both the US, and the narcotics producing countries of Central and South America, makes it attractive to drug traffickers as a base of operation, transshipment point and as a sanctuary for fugitives.

Recently, Jamaica's role in international drug trafficking has increased due to its development as a major marijuana production source for the United States. Approximately twenty percent of the marijuana entering the United States is produced in Jamaica.

The Caribbean coastal areas of Jamaica are increasingly being used by smuggling organizations as a marine route to the United States. Bulk quantities of marijuana on fishing vessels travel either directly to Florida or to intermediate stops in the Bahamas and the Cayman Islands. Traffickers are also using Jamaica as a transfer point to move drugs on private aircraft using the same route.

**NAME:** VIVIAN BLAKE B/M
**DOB:** 5/11/55
Alleged Leader of "SHOWER POSSE"
Miami, Florida—Fugitive



**JOSE MIGUEL BATTLE, SR.**
DOB: 9/14/29
LAST KNOWN
ADDRESS: 17249 SW 192
Street, Miami, FL

**HECTOR MANUEL VARGAS**
DOB: 9/24/33
LAST KNOWN
ADDRESS: 1630 NW 1 Terrace,
Pompano Beach, FL

**JOSE RIVADULLA**
DOB: 10/31/49
LAST KNOWN
ADDRESS: 14830 Dade Pine
Avenue, Miami Lakes, FL

## Cuban Organized Crime

Over the past ten (10) years there has been significant increased control of gambling activity in the South Florida area by Cuban organized crime figures.

The most notable of these being Jose Miguel Battle, the head of the "Corporation," and Humberto Davila, head of the "Company." Both are Cuban organized crime families.

Operating "Bolita Cells" primarily in the Hispanic and black areas of South Florida, they have a reputed strength of approximately 300 members in South Florida.

There is an observable hierarchy similar to that for the traditional Italian "families" and they operate in much the same manner.

Battle and Davila also have been reputed to be heavily involved in the narcotics trade.

A recent arrest in Broward County by the Broward County Organized Crime Department resulted not only in the confiscation of extensive gambling paraphernalia and records, but also in a large quantity of cocaine and marijuana.

Battle, Davila and their associates have been operating for more than 25 years in the classic organized crime mode with a history of bribery and official corruption in New York and New Jersey as an integral part of their activity which now seemingly has engulfed South Florida.

Other Cubans are also documented in other aspects of illegal gambling in South Florida and while none have attained the prominence of Battle or Davila, they are rising to higher positions within the Cuban organized crime structure.

In another vein, of even greater concern because of their penchant for wanton violence, the Cuban organized criminals have twice recently murdered two illegal lottery operators, one in Dade County, and one in Broward County, indicating an immediate need for law enforcement to actively investigate these Cuban organized crime figures.

In Broward County the main target being Humberto Davila who resides in the unincorporated area in a $250,000 home on the New River and owns numerous other residences throughout Broward County.

As an example of Davila's "Company" size, in early February 1986 New York Police and FBI Agents, totaling 2,000 officers, raided 470 illegal numbers store fronts in New York City, of which half were Davila's operations.

Subsequent investigations into Davila's South Florida activities by Broward County Sheriff's Office Organized Crime Department revealed numerous phone calls to Davila's residence from most of these store fronts daily, indicating the operation being controlled from Davila's Broward County residence.

Since his arrest, Davila posted a $250,000 bond in New York, jumped the bond and fled to Spain where he now resides.

Davila's operation has been taken over by Cuban organized crime figure, Oracio Altuve (facing charges), who resides at 19301 N.E. 22nd Avenue, North Miami, Florida.

Further investigation documents various Cuban-operated lunch trucks daily traveling in and out of Davila's residence during the early morning hours, raising suspicion of illegal transporting of lottery paraphernalia or narcotics.

It is obvious that Broward County is one of the main points of operation for the Davila operation along with Dade County and the need for continued investigations jointly with Broward, Dade and State Law Enforcement Agencies is imperative to keep abreast of this problem.

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**DAVILA Company**

**HUNBERTO DAVILA**
DOB: 3/16/36
LAST KNOWN ADDRESS: 441 SW 28 Street, Ft. Lauderdale, FL
May be residing in Spain

**OSMAR ORESTE BROCHE**
DOB: 11/16/37
LAST KNOWN ADDRESS: 8123 NW 68 Avenue, Tamarac, FL

**GILBERTO PASCAVE CHAVEZ**
DOB: 6/14/34
LAST KNOWN ADDRESS: 6835 W 10 Avenue, Hialeah, FL

## Colombian Organized Crime

During the late 1960's and early 1970's, the Colombian cocaine traffickers consisted, for the most part, of just small groups and independent operators. The demand for cocaine was not as great as it is today. These small groups were mainly composed of people from the same geographical area of Colombia, who smuggled cocaine into the United States by various methods. These methods included using couriers to body-carry cocaine aboard commercial aircraft, cargo ships, private vessels and aircraft. During this time period, law enforcement efforts were concentrated on the heroin and marijuana problems.

The Colombians, during the early 1970's, realized the potential for a very profitable market in the United States. As the profits began to expand, the Colombians began to realize that law enforcement efforts would eventually turn towards the cocaine problem. At the same time, these small groups realized that they would have to expand their operations and maintain strict control over their organizations and profits. In anticipation of law enforcement intervention, the Colombian organizations began devising new and sophisticated ways of smuggling cocaine into the United States. In conjunction, they were expanding cocaine processing laboratories in South America.

Following the lead of traditional organized crime, the Colombian organizations expanded into legitimate businesses. Initially they established businesses predominantly in real estate, insurance and travel agencies, because these businesses facilitated their cocaine trafficking enterprise.

In the mid-1970's, as the various Colombian groups maintained stricter control over their organizations, the violence associated with cocaine trafficking steadily increased. By 1978, law enforcement realized the seriousness of the cocaine problem in the United States and began to address it. It became obvious that although cocaine distribution was conducted by other ethnic groups, the Colombians were by far the largest distributors of cocaine and were the controlling group. These Colombian cocaine organizations are organized crime and must be treated as such in order to be effectively dealt with.

A prime example of the development of the Colombians into organized criminal enterprises is the "Medellin Cartel." In general, the Medellin Cartel is made up of the major cocaine traffickers in the world. They have joined forces to assist each other in facilitating their cocaine smuggling from Colombia to the rest of the world. The Cartel is a formidable group which attempts to influence politics and natural economies through its enormous wealth. The more prominent members of the Medellin Cartel are the organizations of Carlos Lehder-Rivas, Pablo Escobar-Gaviria, Jorge Ochoa-Restrepo, and Jose Rodriguez-Gacha.

The Medellin Cartel controls a majority of the cocaine trafficking to the United States and it has been estimated that it supplies as much as 80% of the cocaine consumed in the United States. The Cartel earns more than the gross national product of almost one-third of the world's nations.

The Medellin Cartel was considered virtually invulnerable until the apprehension of one of its bosses, Carlos Lehder-Rivas in February 1987. Lehder was extradited to the United States to stand trial resulting from an indictment in Jacksonville, FL. The extradition treaty was subsequently struck down by the Colombian Supreme Court.

A second member of the Cartel, Jorge Luis Ochoa was arrested in Colombia in November 1987 and is awaiting trial on probation violations. The status of his possible extradition to the United States is uncertain at this time.

**CARLOS ENRIQUE LEHDER-RIVAS**
DOB: 9/7/49
On trial—Jacksonville, FL

**JORGE LUIS OCHOA-RESTREPO**
In custody—Colombia

**JOSE GONZALO RODRIGUEZ-GACHA**
Fugitive—In Colombia

**PABLO ESCOBAR-GAVIRIA**
Fugitive—In Colombia

If there is a need for any additional information or if anyone wishes to provide us with additional information, please contact any of the below individuals:

| | |
|---|---|
| **David Green, Section Supervisor** | Planned and supervised Operation Cherokee as well as engaging as the primary undercover investigator. |
| **Donald Velky, Unit Supervisor**<br>**John Sampson, Detective** | Members of the surveillance team responsible for the majority of the photographs displayed during the "Street Scene" Section. |
| **T. Peter Stephens, Detective** | Case coordinator and a primary undercover investigator in the Operation Cherokee case. |

## Emerging Groups

| | |
|---|---|
| **Lieutenant Al Lamberti** | Major Case and Air/Marine Interdiction. |
| **Supervisor Robert Faulkner** | Special Investigations Unit. |

Broward Sheriff's Office
P.O. Box 2505
Ft. Lauderdale, Florida 33303
Phone 305-564-0833
305-492-1810 (After Dec. 31, 1987)

1040

EXHIBIT A

UNDERCOVER WAGERS PLACED WITH
CUBAN ORGANIZED CRIME

On November 22, 23, 24, and 25, 1984, the following activities took place during the "Operation Super Bowl" investigation currently being conducted in Tampa, FL.

On November 22, 23, 24 and 25, 1984, Special Agent (SA) D. Green placed undercover wagers with Alphonso Ramos, Jr.. The following is an explanation of these wagers.

On November 22, 1984, at 1141 hours, SA D. Green placed an undercover telephone call to Alphonso Ramos, Jr. at telephone number 305/551-4564. During this conversation, Alphonso Ramos, Jr. accepted the following wagers from SA D. Green:

Green Bay Packers -4 points for $5000.00

New England Patriots +2 points for $5000.00

Scores: Detroit Lions 31, Green Bay Packers 28

Dallas Cowboys 20, New England Patriots 17

SA D. Green lost both wagers: -$10,000.00
1,000.00 vigorish
-$11,000.00 amount lost

SA D. Green lost $11,000.00 on these two wagers.

On November 23, 1984, at 1221 hours, SA D. Green placed an undercover telephone call to Alphonso Ramos, Jr. at telephone number 305/551-4564. During this conversation, Alphonso Ramos, Jr. accepted the folllowing wager from SA D. Green:

Miami Hurricanes -6 points for $5000.00

The Score: Boston College 47, Miami 45

SA D. Green lost this wager: - $5000.00
500.00 vigorish
- $5500.00 amount lost

SA D. Green lost $5500.00 on these two wagers.

On November 24, 1984, at 1143 hours, SA D. Green placed an undercover telephone call to Alphonso Ramos, Jr. at telephone number 305/538-0035. During this conversation, Alphonso Ramos, Jr. accepted the following wagers from SA D. Green:

North Carolina -12½ points for $10,000.00

Penn State -7 points for $10,000.00

Teaser Wagers: Texas Tech. -14 points
LSU -2 points
Oklahoma State -15 points — All for $10,000.00

Clemson -8 points
LSU -2½ points
North Carolina -2½ points — All for $10,000.00

Scores: North Carolina 17, Duke 15

This score created a loss for SA D. Green in two of the above wagers.

SA D. Green lost $10,000 on the North Carolina wager: - $10,000.00
1,000.00
-$11,000.00

SA D. Green lost the three team teaser wager where North Carolina was one of the three teams wagered on.

- $10,000.00 amount lost

(Vigorish is not normally charged on parlay wagers)

Scores continued: Pittsburgh 31, Penn State 11

SA D. Green lost this wager: - $10,000.00
1,000.00 vigorish
- $11,000.00 amount lost

Houston 24, Texas Tech 17

LSU 33, Tulane 15

Oklahoma 24, Oklahoma St. 14

SA D. Green won the last wager, a three team teaser: + $10,000.00 amount won.

The following is the amount won and lost during the above three-day period:

November 22, 1984, SA D. Green lost $11,000.00
November 23, 1984, SA D. Green lost $5500.00
November 24, 1984, SA D. Green lost $32,000.00
November 24, 1984, SA D. Green won $10,000.00 = $38,500.00 amount lost

Total amount bet: $55,000.00
Total amount of vigorish: $3,500.00
Total wagers: 7

On November 25, 1984, at 1219 hours, SA D. Green placed an undercover telephone call to Alphonso Ramos, Jr. at telephone number 305/551-4564. During this conversation, Alphonso Ramos, Jr. accepted the following wagers:

1) Cincinnati Bengals -6½ points for $10,000.00
2) Cleveland Browns -6½ points for $10,000.00
3) N.Y. Giants -6½ points for $10,000.00
4) Tampa Bay Bucaneers +3 points for $10,000.00
5) Washington Red Skins -14 points for $10,000.00

6) Round Robin
N.Y. Giants -6½ points
Cincinnati Bengals -6½ points
Chicago Bears -3½ points All for $5000.00

This Round Robin is three separate two team parlays for $5000.00 each. Therefore, this Round Robin wager is three separate wagers for $15,000.00, as explained below:

6A) N.Y. Giants -6½ points
Cincinnati Bengals -6½ points = $5000.00 parlay

6B) N.Y. Giants -6½ points
Chicago Bears -3½ points = $5000.00 parlay

6C) Cincinnati Bengals -6½ points
Chicago Bears -3½ points = $5000.00 parlay

7) 3 Team Parlay:
N.Y. Giants -6½ points
Cincinnati Bengals -6½ points
Chicago Bears -3½ points = $5000.00

8) 3 Team Parlay:
Cincinnati Bengals -6½ points
Cleveland Browns -6½ points
Tampa Bay Bucaneers -3 points = $5000.00

9) 3 Team Teaser (ten point advantage)
N.Y. Giants +3½ points
Cincinnati Bengals +3½ points
Chicago Bears +6½ points = $10,000.00

10) 3 Team Teaser:
N.Y. Giants +3½ points
Tampa Bay Bucaneers +13 points
Cleveland Browns +3½ points = $10,000.00

11) 3 Team Teaser
Cincinnati Bengals +3½ points
Cleveland Browns +3½ points
Washington Redskins -4 points = $10,000.00

3 team parlay: Item (7):

SA D. Green lost $5000.00 on this parlay. - $5000.00

3 team parlay: Item (8):

SA D. Green won this wager. According to Alphonso Ramos, Jr., the pay off for a three team parlay is approximately $6000.00 for every $1000.00 bet, which is 6 to 1 odds. Therefore, SA D. Green won approximately $30,000.00 on this three team parlay wager: + $30,000.00.

3 team teaser: Item (9):

SA D. Green won $10,000.00 on this wager: + $10,000.00

4 team teaser: Item (10):

SA D. Green won this wager: + $10,000.00

3 team teaser: Item (11):

SA D. Green won this wager: + $10,000.00

3 team teaser: Item (12):

SA D. Green lost this wager: - $10,000.00

Item (13) is explained above.

3 team teaser: Item (14):

SA D. Green won this wager: + $10,000.00

3 team teaser:Item (15):

SA D. Green won this wager: + $10,000.00

Total amount for November 25, 1984:

Total amount of wagers: 17
Total amount waged: $145,000.00
Total vigorish: $2000.00
Amount won: $143,000.00
Amount lost: $36,000.00
Total won: $107,000.00

Total figure:

Amount won November 25, 1984: $107,000.00
Previous loss as of November 24, 1984: $38,500.00
Total amount won: + $68,500.00

This figure is approximate because SA D. Green was not positive about the way Ramos determines payoffs on parlay wagers.

On November 27, 1984, the following activity took place during the "Operation Superbowl" investigation currently taking place in Tampa, Florida.

On November 27, 1984, Hillsborough County Sheriff's Department Detective B. Rodriquez, Special Agents M. LaMonte and D. Green were engaged in an undercover assignment in Miami, Florida. The purpose of this assignment was to have picked up U.S. Currency from Alphonso Ramos, Jr., which was the results from the previous weekends wagering activity. The amount owed by Ramos was $67,700.00. This undercover activity was described below:

At 1125 hours, November 27, 1984, the undercover team entered the Mi Habana Restaurant, S.W. 97th Avenue and Coral Way, Dade County, Florida. The undercover team was supposed to meet Alphonso Ramos, Jr., at this restaurant.

At 1140 hours, Alphonso Ramos, Jr., joined the undercover team at said restaurant. Alphonso Ramos, Jr., invited the undercover team to come to his residence where he would pay off Special Agent D. Green the above described money.

At 1141 hours, Special Agent entered Alphonso Ramos, Jr's., vehicle, bearing Florida license, ECK 727 and drove to the Ramos residence, 11860 SW 49th Street, Dade County, Florida. The Ramos vehicle was followed by Detective B. Rodriquez and Special Agent M. LaMonte in an undercover vehicle.

At 1151 hours, Special Agents M. LaMonte and D. Green entered Alphonso Ramos, Jr's., residence. A white female was setting at a desk inside the front door. This person was counting one hundred dollar bills. Alphonso Ramos, Jr., introduced this female as his "wife".

Alphonso Ramos, Jr., sat behind this desk and spoke to his wife in Spanish. Mrs. Ramos placed a stack of one hundred dollar bills inside a rubber band and wrote the figure 6000 on a piece of paper that was placed under the rubber band. There were six other bundles of one hundred dollar bills on the desk along with several bundles of twenty dollar bills. Five of the six bundles had pieces of paper under the rubber bands. Each piece of paper had the figure 10000. One bundle of one hundred dollar bills did not have a piece of paper.

Alphonso Ramos said: "You won $63,768.00 and I owe you a two thousand dollar commission." At this time Alphonso Ramos, Jr., said: "I want to give you all

big bills, I call for more money." Special Agent D. Green told Ramos not to worry about the $68.00 portion of the above figure.

At 1153 hours, Alphonso Ramos,Jr., placed an out call on telephone 305/551-4564. After this call was completed, Alphonso Ramos, Jr., said: "I'll have more money over here in ten minutes."

Specical Agent D. Green informed Ramos that the 2% commission figure should be $4,000.00 rather than $2,000.00 because Special Agent D. Green had placed $200,000.00 in wagers with Ramos. Alphonso Ramos informed Special Agent D. Green that the bank only paid the commission on professional football bets, not college football wagers. In that Special Agent D. Green had placed on $100,000.00 in professional football bets, the amount owed for the commission was $2,000.00. However, since he (Ramos) had not informed Special Agent Green of this limit to pro-football, Alphonso Ramos, Jr., included the $4,000.00 commission to the $63,768.00.

Alphonso Ramos, Jr., arranged the following bundles of money in a stack on the desk:

> Five bundles of $100.00 bills marked with pieces of paper containing the figure "10000".
>
> One bundle of $100.00 bills without a piece of paper.
>
> One bundle of $100.00 bills with a piece of paper containing the figure "6000".

Alphonso Ramos, Jr., then counted out $1,700.00 in one hundred dollar bills and placed this amount on top of the above described stack of money. As Alphonso Ramos, Jr., placed this U.S. Currency in a paper bag, he said: "my wife counted this, so if there's a shortage, let me know and I'll make it up."

At approximately 1200 noon, the undercover team departed.

Special Agent D. Green placed a one hundred dollar bill, F 02189389A, 1977 Series, into evidence. This bill was one of bills counted out by Alphonso Ramos, Jr., as $1,700.00.

The actual amount of money received by Special Agent D. Green was $67,500.00. The one bundle marked "6000" had $5,800.00 in it. All bundles that were marked with the "10000" figure had $10,000.00 in one hundred dollar bills.

On December 2, 1984, the following activity took place during the "Operation Superbowl" investigation currently taking place in Tampa, Florida.

On December 2, 1984, Special Agent D. Green placed undercover telephone wagers with Alphonso Ramos, Jr., as described below.

At 1225 hours, December 2, 1984, Special Agent D. Green placed a telephone call to Alphonso Ramos, Jr., at telephone number 305/538-0035. The following are wagers accepted by Alphonso Ramos, Jr., during this call.

(1) Pittsburg Steelers -7 ½ points for $10,000.00

(2) New England Patriots -5½ points for $10,000.00

(3) Round Robin $10,000

Pittsburg -7½ points

Denver -4 points

New England -5½ points

This Round Robin is explained below:

(3A) Pittsburg Steelers and Denver Bronco's in a $10,000.00 parlay.

(3B) Pittsburg Steelers and New England Patriots in a $10,000.00 parlay.

(3C) Denver Broncos and New England Patriots in a $10,000.00 parlay.

(4) Round Robin $10,000.00

Pittsburg Steelers -7½

Seattle Seahawks -10½

Rams -7

This Round Robin is explained below:

(4A) Pittsburg Steelers and Seattle Seahawks in a $10,000.00 parlay.

(4B) Pittsburg Steelers and the Los Angeles Rams in a $10,000.00 parlay.

(4C) Seattle Seahawks and Los Angeles Rams in a $10,000.00 parlay

(5) Teaser, $10,000.00

Pittsburg Steelers +2½ points

New England Patriots +4½ points

Los Angeles Rams +3 points

(6) Teaser, $10,000.00

San Francisco 49ers -3 points

Seattle Seahawks -2½ points

Los Angeles Rams +3 points

At 1518 hours, December 2, 1984, Special Agent D. Green placed a telephone call to Alphonso Ramos, Jr., at telephone number 305/538-0035. The following are wagers accepted by Alphonso Ramos, Jr., during this telephone conversation:

(7) Seattle Seahawks -10½ points for $10,000.00

(8) Los Angeles Rams -7 points for $10,000.00

(9) Seattle Seahawks -10 Parlay for $10,000.00

Los Angeles Rams -7

(10) Seattle Seahawks -4½ Teaser for $10,000.00

Los Angeles Rams -1½ (Two team, 6 point advantage)

(11) Seattle Seahawks -½

Los Angeles Raiders +13½ Teaser for $10,000.00

Los Angeles Rams + 2½ (Three team, 10 point advantage)

SCORES

| | | | |
|---|---|---|---|
| Houston Oilers | 23 | Pittsburg Steelers | 20 |
| St. Louis Cardinals | 33 | New England Patriots | 10 |
| Kansas City Chiefs | 16 | Denver Bronco's | 13 |
| San Francisco 49ers | 35 | Atlanta Falcons | 17 |
| Seattle Seahawks | 38 | Detroit Lions | 17 |
| Los Angeles Rams | 34 | New Orleans Saints | 21 |
| Los Angeles Raiders | 45 | Miami Dolphins | 34 |

Special Agent D. Green lost the following wagers:

| | | |
|---|---|---|
| (1) | Pittsburg Steelers -7½ $10,000 = | -$11,000.00 |
| (2) | New England Patriots -5½ $10,000 = | -$11,000.00 |

(Note: The above two wagers were "straight" wagers which envolved a 10% vigorish added to the losing wagers. The following parlay and teaser wagers do not normally require the 10% vigorish charge.)

| | | |
|---|---|---|
| (3) | All three parlays, (3A),(3B), and (3C) were lost | -$30,000.00 |
| (4) | Two of the three parlays, (4A) and (4B) were lost | -$20,000.00 |
| (5) | This wager was lost | -$10,000.00 |
| | AMOUNT LOST 12/02/84 | $82,000.00 |

SA D. Green won the following wagers:

| | | |
|---|---|---|
| (4C) | Seattle Seahawks and Los Angeles Rams parlay for $10,000. This two team parlay paid 13 to 5 or $26,000.00 for the $10,000.00 wager | +$26,000.00 |
| (6) | A three team teaser won, | +$10,000.00 |
| (7) | Seattle Seahawks -10½ won, | +$10,000.00 |
| (8) | Los Angeles Rams -7½ won, | +$10,000.00 |
| (9) | Seattle Seahawks and the Los Angeles Rams parlay won, | +$26,000.00 |
| (10) | This two team teaser won, | +$10,000.00 |
| (11) | This three team teaser won, | +$10,000.00 |
| | TOTAL WON | $102,000.00 |

| | | |
|---|---|---|
| Totals for 12/02/84: | Amount Won: | $102,000.00 |
| | Amount Lost: | -$ 82,000.00 |
| | | $ 20,000.00 |

Total Amount Bet: Eleven bets for $150,000.00.

According to the agreement made by Alphonso Ramos, Jr., 2% of the $150,000.00 would be added to the amount won. This amounted to $3,000.00

| | |
|---|---|
| Amount Won | $20,000.00 |
| 2% Commission | $ 3,000.00 |
| | $23,000.00 |

Previous Figure

(A) On November 29, 1984, Special Agent D. Green won $5,000.00 from Ramos. A 2% commission, $100.00 should have been added to this figure, as explained in items (E) below. Total: $5,100.00

(B) On December 1, 1984, Special Agent D. Green won $13,400.00 from Ramos.

(C) On December 2, 1984, Special Agent D. Green won $20,000.00 from Ramos.

(D) This was a figure of $38,400.00 won by Special Agent D. Green.

(E) On November 29, 1984, Special Agent D. Green placed a $5,000.00 wager and on December 2, 1984, Special Agent D. Green placed $150,000.00 in wagers, on professional football contests. Alphonso Ramos had agreed to pay Special Agent D. Green 2% of the total professional football wagers. Therefore, Ramos owed Special Agent D. Green a total of $3,100.00 in commission for the $155,000.00 in professional football wagers.

| | |
|---|---|
| Amount won by Special Agent D. Green | $38,400.00 |
| 2% Commission | $ 3,100.00 |
| | $41,500.00 |

(Note: The above amount won, $38,400.00 is an approximate figure because Special Agent D. Green did not understand the Cuban method used by Ramos to determine the amount won on parlay wagers.)

During this wagering period, November 29, 1984, December 1, 1984, and December 2, 1984, Alphonso Ramos accepted $193,000.00 in wagers from Special Agent D. Green.

On December 4, 1984, the following activity occurred during the "Operation Super Bowl" investigation currently taking place in Tampa, Florida.

On December 4, 1984, Special Agent David Green placed a telephone call to Alphonso Ramos, Jr. as described below:

At 1835 hours, December 4, 1984, SA D. Green placed an undercover telephone call to Alphonso Ramos, Jr. at telephone number 305/551-4564. During this conversation, SA D. Green asked Ramos for the "figure". Ramos replied, "Forty two ten". This means Alphonso Ramos, Jr. owed SA D. Green $42,010.00 as a result of wagers previously accepted by Ramos. This conversation occurred on Tuesday, the week day used by bookmakers to settle gambling debts.

On December 5, 1984, the following activity took place during the "Operation Superbowl" investigation currently taking place in Tampa, Florida.

On December 5, 1984, Pinellas County Sheriff's Office Detective E. Melendez and Special Agent D. Green were in Miami to meet with Alphonso Ramos, Jr. The purpose of this meeting was to receive money from Alphonso Ramos, Jr., for bookmaking wagers received by Ramos. This activity is explained below.

On December 5, 1984, at approximately 0930 hours, Special Agent D. Green called Alphonso Ramos, Jr., at his residence, telephone number 305/551-4564. Special Agent D. Green informed Ramos that I was at the Airport Hilton Hotel, 5101 Blue Lagoon Drive, Miami, Florida. Ramos informed Special Agent D. Green that he would meet with Special Agent D. Green at said location at 1100 hours.

At 1143 hours, Alphonso Ramos and Clemente Lopez entered the Hilton Hotel. Lopez was carrying a green colored plastic shopping bag.

Alphonso Ramos informed Special Agent D. Green that he had over twenty thousand dollars in twenty dollar bills and if Special Agent D. Green wanted to wait, he would exchange them for one hundred dollar bills. Special Agent D. Green declined the offer.

At 1149 hours, Ramos instructed Lopez to hand the green bag to Special Agent D. Green.

At 1150 hours, Ramos and Lopez departed.

After Ramos and Lopez departed, the undercover team left the hotel and went to Miami International Airport to transport the money back to Tampa.

At approximately 1500 hours, the undercover team, assisted by Special Agent S. Pyles counted the above described currency.

A one hundred dollar bill, was retained by Tampa Police Department Sergeant K.C. Newcomb as evidence.

This money was in twenty-three bundles held together by rubber bands.

The amounts of these bundles were:

| | | |
|---|---|---|
| Seventeen bundles, | $ 1,000.00 each | |
| Two bundles, | $10,000.00 each | (in one hundred dollar bills as described by Alphonso Ramos, Jr.) |
| One bundle, | $ 2,210.00 | |
| One bundle, | $ 900.00 | |
| One bundle, | $ 940.00 | |
| One bundle, | $ 970.00 | |
| | $42,020.00 | TOTAL |
| | 100.00 | Evidence |
| | $42,120.00 | |

The $42,020.00 was turned over to Special Agent S. Pyles.

# A Decade of Organized Crime

# 1980 Report

## Pennsylvania Crime Commission

EXHIBIT B

90-305 0 - 88 - 34

# Commission Staff

This Report is the product of years of investigations by hundreds of persons within and outside the Pennsylvania Crime Commission.

The conception, formulation, analysis, and drafting directed by the Commission began in late Fall 1979 and intensified on a daily basis throughout early 1980, gradually involving the entire staff. It stands as the work product of the many devoted and dedicated employees at the Pennsylvania Crime Commission, all of whom contributed substantially.

Wm. B. Anderson Jr.

William B. Anderson, Jr.
Executive Director

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**Legal Staff**

John J. Contino, Esq.
Joan Weiner, Esq.

**Investigative Staff**

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Laurie A. Schubert

**Temporaries**

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---

**1980 Report Staff**

Mario A. Milletti, Editor
Marilyn B. Peterson, Chief Writer
Robert Orenstein
James Shelhamer

**Russell Bufalino**

Rosario Albert Bufalino, known in the United States as Russell Bufalino, was born on October 29, 1903, in Sicily. He became the head of the northeastern Pennsylvania Cosa Nostra family when crime boss Joseph Barbara Sr. died on June 17, 1959.

Bufalino was credited by federal authorities for "arranging and attending" the 1957 Cosa Nostra convention at Barbara's Apalachin, New York home.

About a month after that meeting, the Immigration and Naturalization Service began deportation proceedings against Bufalino. Although he was shown to be deportable on three charges, he fought the order through a dozen years of appeals. When his appeals were finally exhausted in 1973, the Italian Foreign Ministry refused to issue a travel document for Bufalino, effectively blocking his deportation.

Bufalino grew up in Buffalo, New York. After his marriage to Caroline Sciandra, he moved to the Pittston, Pennsylvania area and now lives at 304 East Dorrance Avenue, Kingston. He has been involved in a number of businesses in northeastern Pennsylvania and New York, predominantly in the garment industry. According to one Bufalino family member who was his chauffeur and companion, Bufalino traveled to New York City on business three days a week for 20 years. (See page 234 for details of his involvements.) He has also engaged in the selling and purchasing of jewelry, especially diamonds. Information received through records indicate that Bufalino has used a jeweler's glass which he carried on his keychain to review gems.

Russell Bufalino has twice been tried for extortion and was once convicted. The first case rose out of an alleged plot to beat two cigarette ven-

*Crime boss Russell Bufalino.*

**BUFALINO FAMILY MEMBER RESIDENCES AND BUSINESS LOCATIONS**

53

# Who's Who Members of the Bufalino Crime Family.

James "Dave" Osticco. Capo. Born: April 22, 1913. Address: 156[illegible] Elizabeth Street, Pittston, Pennsylvania. Employed by Medico Industries for a number of years, he is alleged to have arranged to deliver to Frank Sheeran and Charles Allen the dynamite to be used to blow up an electrical unit at the Sheraton Hotel, near Smyrna, Delaware, under instructions from Russell Bufalino.

Edward Sciandra. Born: November 13, 1[illegible]. Address: 2340 Centre Avenue, B[illegible], New York. Sciandra is [illegible] being in charge of [illegible] New York City ventures of the [illegible] family.

Joseph Falcone. Capo. Born: January 27, 1902. Address: 1623 Mohawk Street, Utica, New York, and Miami, Florida. Falcone attended the 1957 Apalachin meeting at Joseph Barbara Sr.'s home. He and his brother, Salvatore operated the largest bootlegging operation in upstate New York.

Anthony "Guy" Guarnieri. Born: May 1, 1910. Address: [illegible], Florida. Guarnieri lived in [illegible], New York, until recently, when he moved to Florida, allegedly to handle business ventures of the Bufalino crime family in that state. Since Bufalino was jailed, Guarnieri meets with family members at Medico Industries.



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# Who's Who Members of The LaRocca Crime Family

Michael Genovese. Capo. Born: April 19, 1919. Address: R.D. # 2, Box 149-B, Gibsonia, Pennsylvania. Genovese has been the undisputed boss of the numbers racket in East Liberty. He has had several business involvements with John LaRocca and others. Although granted immunity, Genovese refused to testify before a federal grand jury in 1974. Genovese is seriously ill.

Antonio Ripepi. Capo. Born: July 30, 1902. Address: 4720 Brownsville Road, Pittsburgh, Pennsylvania. Ripepi controls gambling activity in Washington and Fayette Counties. He also has an interest in Keystone Music Company, a multi-million dollar coin vending business. He has been accused of running a competitor out of business in 1964.

Gabriel Mannarino. Capo. aka Kelly. Born: October 31, 15. Died: July 18, 1980. Address: 540 Charles Avenue, w Kensington, Pennsylvania. Prior to his recent illness, nnarino was perhaps the most active member of the Rocca crime family. He was indicted with LaRocca in 9 for conspiracy to in[illegible]se a kickback on a loan from Teamsters Central States Pension Fund. Mannarino ntained the family contacts with other crime families, ch as the Bufalino family.

Frank J. Rosa. Capo. Born: February 21, 1930. Address: 1152 Jefferson Heights Road, Penn Hills, Pennsylvania. Rosa was convicted of extortion in 1975 but never jailed because of poor health. His principal activities were prostitution and the numbers racket.



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## Interrelationships

Cosa Nostra families do not exist in a vacuum. Not only does each family represent a structured hierarchy, but the inter-relationships between families are also based on a hierarchical status.

At many times in the past, top crime figures have met to decide territories, succession in various families and emerging activities.

In December of 1928, for example, more than 20 top Cosa Nostra leaders were arrested early in the morning at a Cleveland hotel where they were obviously meeting.

In 1932, Pittsburgh mob leader John Bazzano Sr., was lured to a testimonial dinner in New York City which was attended by a number of Cosa Nostra members who stabbed him to death with ice picks. (See page 60)

Major Pennsylvania racketeers met at the William Penn Hotel in Pittsburgh in 1947. In attendance were Anthony Ripepi of the LaRocca family, Michael D'Alessio of the New York Gambino family and a number of independent racketeers from Delaware County.

In April of 1952, more than 80 crime figures from various areas attended a party in Rhode Island allegedly to celebrate Raymond Patriarca's appointment to head the New England organized crime family.

A major, national meeting of Cosa Nostra leaders was convened in Livingston, New Jersey on November 10, 1957. Lasting from about noon until five the following morning, the meeting is said to have covered such topics as the selection of Carlo Gambino, later to become the "boss of bosses," as the successor to Albert Anastasia in New York. A decision was also made to close the organization's membership "books" to further recruiting, an edict which lasted until 1972. The meeting adjourned and continued two days later at the Apalachin, New York home of Joseph Barbara Sr., then the head of the northeastern Pennsylvania Cosa Nostra family.

The meeting at Apalachin ended abruptly when the New York State Police arrived on the scene early in the afternoon on November 14. Although some 60 leading racket figures were detained and interrogated, another 40 or 50 reportedly succeeded in making their escape.

Among those caught were Russell Bufalino, then a high-ranking member in the Barbara crime family; John LaRocca, boss of the Pittsburgh crime family; two of LaRocca's lieutenants, Michael Genovese and Gabriel "Kelly" Mannarino; Philadelphia crime boss, Joseph Ida, and Dominick Olivetto, Ida's underboss; Dominic Aviano, Angelo J. Sciandra and James Osticco, all Barbara family members; Joseph Bonanno, Vito Genovese and Joseph Profaci, all New York crime family leaders; Roy Carise from Buffalo and Paul Castellano from Brooklyn.

*Joseph Scalleat Sr., right, of the Bufalino crime family, and Santo Idone of the Bruno crime group, meet in Hazleton, Pennsylvania.*

*Joseph Sonken, owner of the Gold Coast Restaurant, Hollywood, Florida.*

In 1968, Philadelphia police raided the flower shop of Frank D'Alfonso in South Philadelphia and broke up a meeting between Bruno family members and New England crime family members. Earlier in 1966, the police had raided a Center City Philadelphia restaurant and arrested Cosa Nostra boss, Angelo Bruno, his lieutenant, Philip Testa, and Gerald Laletta, a capo in the Vito Genovese crime family in New York. Also in attendance were Vincent Aloi, a capo in the New York Colombo family, and Thomas Masotto of Brooklyn, a member of the Gambino crime family.

In New York City, in 1966, 13 Cosa Nostra leaders were arrested at La Stella Restaurant. Among those taken into custody were Carlo Gambino, Joseph Colombo, Thomas Eboli, Carlos Marcello, head of the New Orleans crime family, and Santo Trafficante Jr., boss of the Tampa, Florida, family.

These instances of inter-family meetings form the basis of law enforcement's conviction that there is a nationwide structure of families, overseen by a group of men called the "Commission," which serves as a corporate board of sorts.

No major meetings have been held in the 1970s to the knowledge of the



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authorities, although several were planned. One recently planned meeting was supposed to deal with alterations of boundaries that give major crime groups exclusive operational rights. The meeting was cancelled when it was found that federal agents knew of the plans, due to the widespread disclosure of FBI inquiries into illegal activities regarding the "Brilab" investigation in 1980. (See page 81).

Pennsylvania crime bosses have, however, been observed at smaller meetings with other crime family leaders. In 1969, John LaRocca, who heads the Pittsburgh crime family, met in Miami, Florida with nine individuals from New York families, Frederico Tomassi of Erie, Pennsylvania, Kansas City crime family members, and Joseph Regino, Gabriel "Kelly" Mannarino and Thomas Ciancutti, all members of LaRocca's crime family. The meeting was reportedly held to discuss the successor to Vito Genovese in New York, who was to be Thomas Eboli, and also to discuss gambling in Anguilla.

In August of 1976, Russell Bufalino, head of the northeastern Pennsylvania crime family, held a meeting at Vesuvio's Restaurant in New York City. In attendance were: Michael Rizzitello, former Gallo family member who now lives in California; Edward Sciandra, a Bufalino family capo; John Francis, a sometimes bodyguard for Bufalino; Frank Sheeran, a Teamsters union official; and Anthony "Guv" Guarnieri, a Bufalino family capo.

Meetings in Florida between Bufalino and Pittsburgh boss John LaRocca have also been documented. In Florida, Bufalino holds court in Joe Sonken's Gold Coast Restaurant, Hollywood, at which he has been seen meeting with LaRocca, Gabriel "Kelly" Mannarino, a LaRocca capo, and Frank Gagliardi, a member of the New York Gambino family.

Bufalino was also seen in March of 1977 at the Thunderbird Motel in Miami, Florida, meeting with Simone Rizzo "Sam the Plumber" DeCavalcante who has headed the crime family located in northern New Jersey. Bufalino also acknowledged to authorities that he knows Tom DiBella, who headed the Colombo crime family for a while, and Louis Volpe, a LaRocca crime family member.

According to Charles Allen, Angelo Bruno, the murdered Philadelphia crime family boss, had met with Bufalino at the Old Timer's Tavern in Philadelphia in 1976. The meeting was held allegedly to mediate a dispute between the two families caused by Allen's murder of Francis J. "Big Bobby" Marino. Supposedly, Bruno had not sanctioned the hit but Bufalino had. Bufalino, said Allen, spoke with Bruno, and then told Allen to go in and apologize to Bruno. (See page 83.)

The main connection with the Bufalino and Bruno families has been between Joseph Scalleat Sr., and Jack Parisi, both Bufalino family members, and Santo Idone, capo in the Bruno family. This relationship has existed since at least 1975.

Scalleat and Idone have also been seen together meeting at the R-S Club in Woodlyn, Pennsylvania, which has long been a meeting place for organized criminals.

As recently as June of 1980, the Crime Commission observed Idone at Joseph Scalleat Sr.'s house in Hazleton, Pennsylvania. Idone brought Scalleat to Philadelphia that same night to meet with Philip Testa, the probable successor to Angelo Bruno as the head of Philadelphia's crime family. Idone was observed driving Scalleat away from the meeting.

Members and associates of the LaRocca family, including Gabriel Mannarino and Anthony "Wango" Capizzi, have also been seen visiting the Wilkes-Barre/Scranton area. Capizzi also has arranged gambling "junkets" to Las Vegas for Bufalino family members and their associates.

There has also been evidence of international connections between a Pennsylvania crime boss and Canadian crime figures. According to a Commission source, Joseph Todaro, who controls organized crime in southern Ontario, Canada—from Toronto to Buffalo, New York—requested Russell Bufalino to intercede on his behalf in a dispute with organized crime members in Buffalo who were attempting to gain control of Todaro's operation.

**The Italian-American Civil Rights League: Chapter 34**

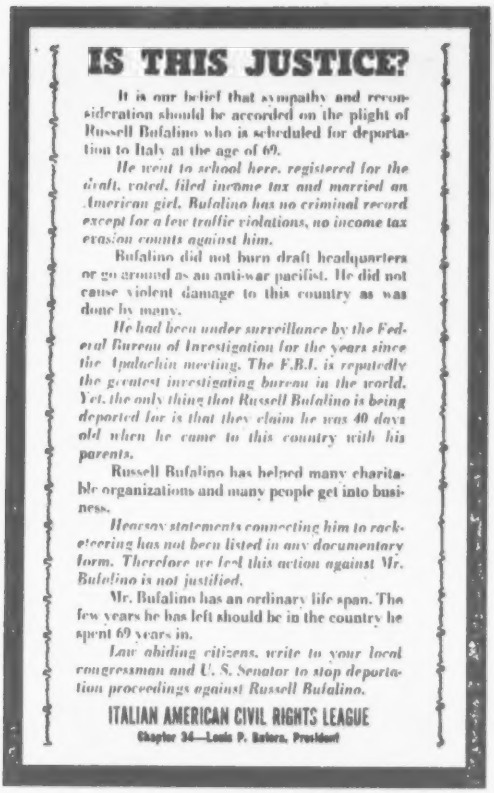
Organized crime figures are actively involved with the northeastern Pennsylvania chapter of the Italian-American Civil Rights League, in what may be the only remaining chapter of an organization that sprang up in 1970 purportedly to protect Italian-Americans from unfairly being labeled as organized crime or Mafia figures. The chapter's activities draw organized crime figures from the southwestern portion of the state and elsewhere.

Russell Bufalino, the Cosa Nostra crime boss of northeastern Pennsylvania and southern New York State, was instrumental in setting up the local organization, known as Chapter 34. Indeed, Chapter 34 dinners were held at which Bufalino's birthday was honored, and the chapter ran a newspaper advertisement urging that he not be deported to Italy.

The League has had organized crime ties from its inception. It was founded by New York crime boss Joseph Colombo Sr. Natale Marcone, a soldier in Colombo's family, was president of the New York chapter, known as the Mother League chapter.*

The Pennsylvania Chapter 34, headquartered in Pittston, was founded around 1971 when Bufalino approached Louis Butera with the idea. Bufalino sought to start up a local chapter when many of the League's 30 or 40 chapters became inactive following the shooting of Colombo in 1971 at a League rally in New York's Columbus Circle. (He later died.)

*Colombo began the League after his son was arrested on a charge of melting coins into silver ingots. Besides the usual steps of putting up bail and hiring a top lawyer, he picketed the FBI, claiming that he and his family were being harrassed. He apparently touched a raw nerve among honest Italian-Americans. Almost overnight, thousands joined Colombo's picketing. After several months of daily demonstrations, the League was formed. Its first rally drew 50,000. Nelson Rockefeller, Governor of New York State, accepted honorary membership. The United States Justice Department and some moviemakers were persuaded to ban the term Mafia. Corporations dropped their television commercials with Italian sterotypes, such as Alka-Seltzer's prize-winning "Spicy Meatballs" ad. Ford Motor Company assured the League that in television series it sponsored the FBI would not track down criminals belonging to the Mafia. Plans for a $3.5 million hospital were announced, and the League set up a children's summer camp. (From *Mafia, U.S.A.*, (Chicago: Playboy Press) 1972: p. 182, drawn from *Time* magazine article, and p. 375, *The New York Times*.)



**IS THIS JUSTICE?**

It is our belief that sympathy and reconsideration should be accorded on the plight of Russell Bufalino who is scheduled for deportation to Italy at the age of 69.

*He went to school here, registered for the draft, voted, filed income tax and married an American girl. Bufalino has no criminal record except for a few traffic violations, no income tax evasion counts against him.*

Bufalino did not burn draft headquarters or go around as an anti-war pacifist. He did not cause violent damage to this country as was done by many.

*He had been under surveillance by the Federal Bureau of Investigation for the years since the Apalachin meeting. The F.B.I. is reputedly the greatest investigating bureau in the world. Yet, the only thing that Russell Bufalino is being deported for is that they claim he was 40 days old when he came to this country with his parents.*

Russell Bufalino has helped many charitable organizations and many people get into business.

*Hearsay statements connecting him to racketeering has not been listed in any documentary form. Therefore we feel this action against Mr. Bufalino is not justified.*

Mr. Bufalino has an ordinary life span. The few years he has left should be in the country he spent 69 years in.

*Law abiding citizens, write to your local congressman and U. S. Senator to stop deportation proceedings against Russell Bufalino.*

**ITALIAN AMERICAN CIVIL RIGHTS LEAGUE**

Chapter 34—Louis P. Butera, President

*An advertisement from the April 12, 1973 Wilkes-Barre Times Leader.*

Officers and directors of Chapter 34, which has 200 to 250 active members, include

President—Louis Butera, a mechanic at Butera Novelty Co.; Wilkes-Barre, Pennsylvania.

Vice-President—Angelo Bufalino. A relative of Russell Bufalino, he has had business dealings with Russell and was acquitted in 1980 in an alleged northeastern United States race-fixing conspiracy which included Pocono Downs Racetrack.

Secretary/Treasurer—William D'Elia of Hughestown, Pennsylvania. A member of the Bufalino crime family and an employee of the Arrow Appliances & Distributing Company, Kingston, Pennsylvania.

Directors—Bernard Foglia Jr. of Exeter, Pennsylvania. Associates with Russell Bufalino and William D'Elia. Owns Bernie's Pizza in Exeter where Chapter 34's monthly meetings are held. Also, Robert Jabers of Wilkes-Barre, Pennsylvania operates the Saber Room Restaurant, which was used for a private party attended by Russell Bufalino and other organized crime figures in 1977, and also operates the Genji Room and Silver Top Diner. There are other directors as well.

The headquarters of Chapter 34 had been in a Pittston, Pennsylvania, building owned by Russell Bufalino.

The chapter has held formal dinners every year since 1972. Bufalino has been honored at several of these dinners. Many advertisements in a booklet distributed at the dinners have congratulated Bufalino. Advertisements for the booklet have been solicited by Russell and Angelo Bufalino.

Among the persons who have attended Chapter 34's dinners are:

- Anthony Casciole of Forrest Hills, New York. Manager of Vesuvio's Restaurant, a Bufalino family hang-out in New York City. Vesuvio's, owned by P & G Restaurant Inc., is located on 48th Street in Manhattan.
- Louis DelVecchio of Scranton, Pennsylvania. Manager of Howard Johnson's Motor Lodge, Route 315, Plains Township, Pennsylvania, a meeting place for the Bufalino crime family.
- John Thomas DiLustro of Fort Lee, New Jersey. Officer of Johnnie's Italian Restaurant in New York. Officially owned by L & L Inc., it is located on 45th Street in Manhattan. Helps Angelo Bufalino and William D'Elia line up entertainment for the dinner.

## The Commission Notes

The Italian-American Civil Rights League is an organization founded and dominated by organized crime figures. It is also an organization that has drawn in innocent, well-meaning Italian-Americans who are justifiably proud of their heritage.

The Pennsylvania Crime Commission's interest in the Italian-American Civil Rights League is to identify the control that organized criminals have over an organization whose stated purpose is a laudable, not a criminal, one.

■ Anthony Frank "Gus" Guarnieri of New York State and Florida. Capo in the Bufalino crime family.

■ Samuel Lanzino of New Kensington, Pennsylvania. Associated with Gabriel "Kelly" Mannarino, the late LaRocca family member. See below.

■ Bernard "Dino" Malacco of Wyoming, Pennsylvania. Brother-in-law of Angelo J. Sciandra, member of the Bufalino crime family.

■ Gabriel "Kelly" Mannarino of New Kensington, Pennsylvania. Capo in the LaRocca crime family of Pittsburgh who died in July of 1980.

■ Samuel J. "Kooch" Marranca Jr., of Pittston, Pennsylvania. Associates with William D'Elia, a member of the Bufalino family. Marranca owns the Playpen Lounge in Pittston.

■ Louis Marconi of Endwell, New York. Member of the Bufalino crime family, owner of Tri-Cities Dress Co., Binghamton, New York.

■ Edward Sciandra of Bellmore, Long Island, New York. Capo in the Bufalino crime family.

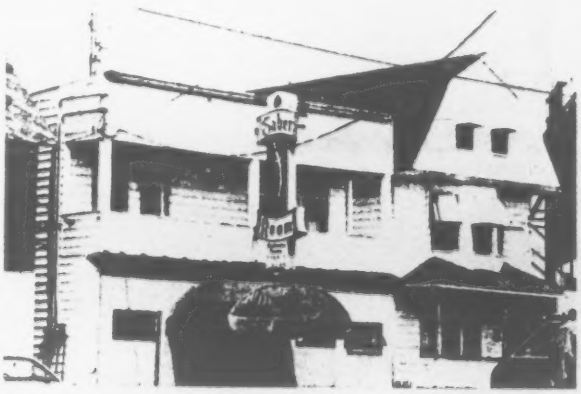
■ Frank J. Sheeran of Cornwells Heights in southeastern Pennsylvania. Associate of Russell Bufalino and head of Local 326 of the Teamsters Union.

■ Joseph Sonken of Hollywood, Florida. Owns Gold Coast Restaurant in Hollywood, Florida, frequented by Russell Bufalino, John LaRocca, head of the Pittsburgh Cosa Nostra crime family, and Gabriel "Kelly" Mannarino, a LaRocca crime family member, and other organized crime members from other families.

Private gatherings have been held the days before and after the chapter's dinners. Many of the individuals mentioned above who attended the dinners also attended the private parties. Also attending the private affairs have been:

Thomas DelVecchio of Dunmore, Pennsylvania, an officer of Scranton Foods in Dunmore, Pennsylvania; Charles D. Fratello aka "Charles D. Bella" of New York City, a member of the Bufalino crime family; Casper "Cappy" Guimento of Dunmore and Scranton, Pennsylvania, a member of the Bufalino crime family; James "Dave" Osticco of Pittston, Pennsylvania, a capo in the Bufalino crime family and transportation manager of Medico Industries in Plains Township, Pennsylvania.

*Chapter 34's headquarters. Russell Bufalino leased the space to Chapter 34.*




*The Saber Room, site of a private party attended by Russell Bufalino and other organized crime figures.*

EXHIBIT C

Section B

# FORT LAUDERDALE NEWS

★ Local News
★ Features

FRIDAY, SEPTEMBER 20, 1968

# What's Mafia? 'Joke,' Says Angry Sonken

(Staff photo by Don Kenney)

ESTIONS ANGER HEFTY JOE SONKEN
. . . at crime investigation hearing

By MAUREEN COLLINS
(Staff Writer)

Hollywood restaurateur Joe Sonken had some fast answers for fast questions put to him by the legislature's "Little Kefauver" crime committee.

Sonken, the paunchy, balding owner of Hollywood's Gold Coast Restaurant and Lounge, reportedly an underworld message center, seemed determined not to give an inch when he testified before the committee yesterday.

Yes, he said, he knew some men who have been identified as Mafia hoodlums.

But no, he didn't know they were Mafia members.

He doesn't ask questions, he told the committee.

"Ever hear of the Mafia?" committee legal counsel Gerald Kogan asked him, somewhat facetiously.

"Yeah," Sonken growled.

"What is the Mafia?" Kogan asked.

"A joke," Sonken replied coolly.

[redacted] showed anger if his restaurant place for arriving hoods to check in. He denied that his place was a Mafia message center.

He also vigorously denied that phones in his restaurant are used for calls to and from underworld figures all over the pation.

When asked if he objected to the committee getting the restaurant's phone company records for the past two years, Sonken replied, "Don't take two, take 10."

He added he hoped the committee could do something about all those phone calls he claims he didn't make, but which he said he was charged for.

Kogan threw at Sonken a long list of names of men reputedly associated with the Mafia. Sonken's responses:

Santos Trafficante, a Tampa mobster — "I never heard of Santos."

Meyer "Lansky," Hallandale big-time hood — "I know him as a customer."

Maxie Hoar, Miami Beach linen shop owner — "I don't know him."

Vincent (Jimmy Blue Eyes)

(Continued on Page 2B, Col. 6)

## Mafia Connections Denied By Sonken

(Continued from Page 1B)

Ab — "He's a good customer. He pays his bills."

David Yaras—"I've known him 30 years. We grew up together in Chicago. I don't know his occupation."

Sonken said he had read in the newspapers that Yaras was a member of the Sam Giacona Mafia family in Detroit, but didn't believe it.

"Why not?" asked Kogan

"He's a Jew," Sonken replied.

It was explained later by committee chairman Sen. Robert Shevin that Jews often are looking to Mafia membership as a means of

when Materino and his family were in South Florida on vacation. He denied knowing that Materino was arrested at the Appalachia meeting of the Mafia in 1967.

Sonken was asked about Peter Arenstein, sometimes known as "Pokey Arnold." He said he was not in business with Arnold, but co-owned "Mother Kelly's" bar in Miami with Arnold's wife. The bar was sold 20 years ago.

Sonken's anger showed again when he was asked if he was a bookie and whether he had ever been in the call

Mafia Connections Denied By Sonken

(Continued from Page 1B)

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1MS 1975-76 FLORIDA VEHICLE REGISTRATION CERTIFICATE

| DECAL NUMBER | 12 MO | DMV | TAG NUMBER |
|---|---|---|---|
| 4555892 | 65 | | 10-161407 |

| TITLE | IDENTIFICATION NUMBER | DATE ISSUED |
|---|---|---|
| 0995122 | 5B43T100579 | 10-10-75 |

| CYL | WT LGTH | GROSS WT | CAP | MAKE | TYPE |
|---|---|---|---|---|---|
| 6 | 3069 | | | FORD | 2DR02 |

OWNER'S NAME
CUFFALINO, RUSSELL

STREET ADDRESS
C/O JOE SONKEN REST. 606 N.OCEAN DR

CITY, STATE, ZIP
HOLLYWOOD, FLA.

CO CTY.

| TAX | TRANS FEE | SERV CHG | OTHER CHG | TOTAL |
|---|---|---|---|---|
| 20.50 | | 1.00 | 3.00 | 24.50 |

| CREDIT AMT. | CREDIT TAG | SEX | DATE OF BIRTH |
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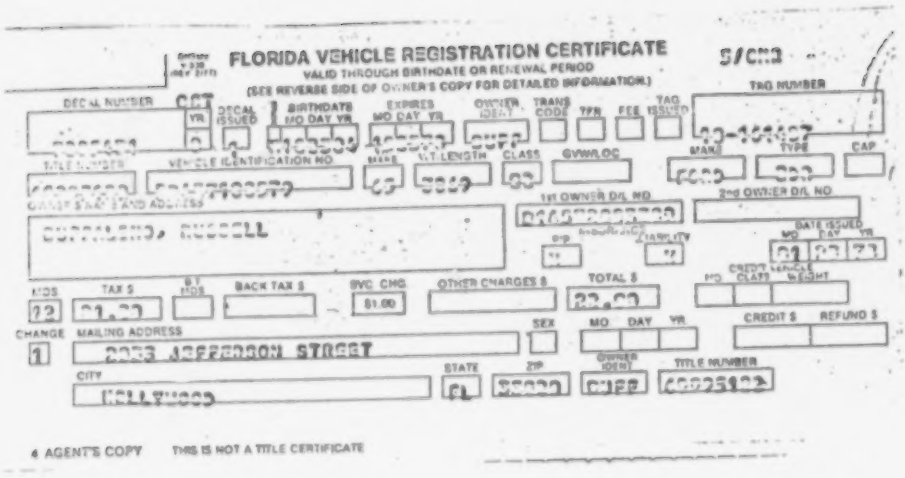
EXHIBIT D



FLORIDA VEHICLE REGISTRATION CERTIFICATE

VALID THROUGH BIRTHDATE OR RENEWAL PERIOD

(SEE REVERSE SIDE OF OWNER'S COPY FOR DETAILED INFORMATION)

DECAL NUMBER

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TITLE NUMBER

VEHICLE IDENTIFICATION NO

1ST OWNER D/L NO

2ND OWNER D/L NO

MAILING ADDRESS

2023 JEFFERSON STREET

CITY

STATE

ZIP

TAX $

BACK TAX $

SVC CHG

$1.00

OTHER CHARGES $

TOTAL $

CREDIT $

REFUND $

4 AGENT'S COPY THIS IS NOT A TITLE CERTIFICATE

EXHIBIT E

# Pennsylvania Crime Commission

# 1981 Annual Report

April 1982

EXHIBIT F

# Pennsylvania Crime Commission

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**Clifford C. Cooper, Esq.**
**Thomas F. Lamb, Esq.**
**Malcolm L. Lazin, Esq.**
**Dean Wm Roach**

**Wallace P. Hay, Executive Director**
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Lee Kautzman
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Gino Lazzari
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Joan Weiner, Esq
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Jean Degnan
Marilyn B. Peterson
Alexander J. Rock
Warren B. Surdam
Margaret Taylor

**LEVITICUS**
Julie Brinkley
Deborah Feurer
George Galovitch
Bill Richett

This report is published pursuant to the Act of October 4, 1978, P. L. 876 No. 169, which mandates that an annual report on the status of organized crime in the Commonwealth be presented to the Legislature by the Crime Commission each April.

...Labor and Industry, the Insurance Commissioner, the State Police Commissioner, the Secretary of Banking, and the Executive Director of the Pennsylvania Commission on Crime and Delinquency.

An advisory board also was appointed to assist the committee. Committee members represent:

- The Pennsylvania Crime Commission
- The Insurance Federation of Pennsylvania
- The Pennsylvania Association of Mutual Insurance Companies
- The Philadelphia Fire Department
- The Philadelphia District Attorney's Office
- The Pittsburgh Fire Department
- The Allegheny County Fire Marshal's Office
- The Wilkes-Barre Police Department
- Insurance companies and private arson investigators.

Task forces often cross state lines and include representatives from federal agencies. An example is the Task Force on Violent Crime, an eight-member panel which in a recent letter to Attorney General William French Smith summed up its philosophy:

*We wish to emphasize that the federal government's first priority should be to provide adequate resources to its own offices which are involved in fighting violent crime and to assure that its policies are clear and sound in all matters which impact on state and local law enforcement. In this way, the states and local governments can better deploy their resources to carry out their responsibilities.*

*We do not believe that the federal government should subsidize the ongoing operations of state and local criminal justice systems. But we do believe that, within the context of each level of government exercising its own authority and bearing its unique responsibilities, much can be done to improve the coordinated federal-state-local fight against violent crime.*

# La Cosa Nostra

## The Philadelphia Family

Philip Charles Testa ruled as head of Philadelphia's La Cosa Nostra family for just under a year. He succeeded Angelo Bruno who was killed gangland style on March 21, 1980.

Testa was assassinated by a remote control bomb, packed with fishing nails, as he entered his South Philadelphia home at 2117 Porter Street before dawn on the morning of March 15, 1981.

Under Bruno, who was head of the Philadelphia family for some 20 years, there had been stability and relative gangland peace. But his death, and Testa's, left a fragmented family structure, resulting in a frantic, often violent, scramble for power.

The new boss appears to be Nicodemo Domenic Scarfo who has been active in loansharking, gambling and business ventures in the Atlantic City-Philadelphia area. Mentioned as high-ranking members are:

- Salvatore Merlino, a.k.a. "Chuck" or "Sonny," a gambler, loanshark and suspected hitman who was a close friend of L.C.N. member Frank Sindone (killed October 30, 1980).
- Nicholas Piccolo, an important associate of the Bruno crime family, who is Scarfo's uncle.
- Joseph "Chickie" Ciancaglini, Sindone's onetime bodyguard who has been active as a gambler and loan shark enforcer.

In the spring of 1981, Frank Narducci, who headed the family's gambling operation and who was a capodecina under Testa, fell out of favor with Scarfo. Narducci's gambling network was placed under the control of Ciancaglini, who had inherited Sindone's loan sharking operation after Sindone's death.

On February 21, 1981, Testa, Narducci, Ciancaglini, Carl Ippolito, Harry Riccobene (all L.C.N. members) and five others were indicted on federal racketeering charges. Narducci was slain on January 7, 1982, with jury selection underway.

## The Bufalino Family

Russell Bufalino, 304 E. Dorrance Street, Kingston, Pa., boss of organized crime in Northeastern Pennsylvania, was released from federal incarceration in May of 1981. Prior to his release, however, he was indicted (December 30, 1980) by a federal grand jury in the Southern District of New York for conspiring with Michael Rizzitello and Aladena "Jimmy the Weasel" Fratianno to murder Jack Napoli, a protected federal witness. Napoli testified against Bufalino in his 1977 federal extortion trial. Indicted with Bufalino was Los Angeles organized crime figure Michael Rizzitello.

During October, 1981, Bufalino and Rizzitello stood trial in New York City. On October 23, 1981, Bufalino was found guilty of conspiring to violate Napoli's civil rights and obstruction of justice. Rizzitello was acquitted. On November 17, 1981, Bufalino was sentenced to ten years incarceration for conspiracy, and five years for obstruction of justice, the terms to run concurrently. He was also fined $15,000. Bufalino, who recently was hospitalized with heart trouble, is out on bail pending disposition of his appeal of the conviction.

Bufalino also faced deportation to Italy by the United States Immigration and Naturalization Service.

Edward Sciandra, 2340 Centre Avenue, Bellmore, N. Y., (Underboss), who allegedly acted as boss of the family while Bufalino was incarcerated, was indicted by a federal grand jury sitting in the Southern District of New York on November 9, 1981. Sciandra was charged with violations of the Internal Revenue Code. Charged with Sciandra were Bufalino family associate Vincent Foti, Sr., along with New York City businessman Yale Kroloff and Peter Cardaisis. On January 15, 1982, Sciandra, Foti and Cardaisis entered guilty pleas—Sciandra to two felony counts, punishable by a maximum of five years imprisonment, and/or a $10,000 fine for each count; Foti to one felony count; and Cardaisis to three misdemeanor counts.

Frank Sheeran, a Russell Bufalino Crime Family Associate and a Teamster official from Philadelphia, stood trial in Wilmington, Del., during October, 1981. Sheeran, Eugene Boffa, Sr., and others had been indicted for labor racketeering, conspiracy to commit labor racketeering, mail fraud and two counts of taking bribes. Sheeran was sentenced on December 11, 1981, to 18 years imprisonment and fined $22,000.

Andrew Russo, Brooklyn, N. Y., another Russell Bufalino Crime Family associate and a member of the Colombo Organized Crime Family, surrendered to federal authorities in New York City on Nov. 16, 1981. Russo was arraigned on charges including six counts of bribery, five counts of obstruction of justice, and one count of conspiracy. He also was charged by Nassau County, New York, authorities with attempting to evade New York income tax.

The Bufalino organized crime family is primarily involved in loansharking, jewel theft and gambling. The family also appears to be involved on the fringes of the motion picture industry. Russell Bufalino appeared before a United States Senate Permanent Sub-Committee in Washington, D.C., during February, 1981. Evidence gathered by that sub-committee included statements made by Russell Bufalino associate David Rosen, in which he indicates that he and Bufalino were involved in the distribution of pornographic motion pictures. That same sub-committee developed information that Bufalino had helped Rosen with labor problems he was experiencing at his newspaper distribution company in New York City.

On or about August 11, 1981, Joseph Nicholas Muruca, a Bufalino organized crime family associate, was gunned down in Agawam, Mass. Muruca is originally from the Endicott, N. Y. area, and currently lives in Endwell, N. Y. He was shot by unknown assailants, being struck five times with slugs from a small caliber weapon, but survived the gangland-style hit. No arrests were made.

Angelo Son, a member of the Russell Bufalino organized crime family, died of natural causes during June, 1981.

During the past year, the Pennsylvania Crime Commission subpoenaed Russell Bufalino and family members James "Dave" Osticco, William D'Elia, Edward Sciandra, Angelo Bufalino, and Anthony Frank Guarnieri to appear before the Commission to answer questions relating to their legitimate business interests and alleged illegal activities. They were also questioned concerning their involvement with the Italian American Civil Rights League (IACRL), Chapter 34, located in Pittston, Pa. D'Elia and Angelo Bufalino are officers of the IACRL, while Russell Bufalino reportedly was instrumental in its formation. Each of the above invoked his Fifth Amendment rights in refusing to answer questions.

The League held its 1981 dinner dance in September of 1981, presenting Russell Bufalino with an award. It was the first IACRL dinner dance he had attended since his release from prison.

The Crime Commission currently is conducting an investigation of the Italian American Civil Rights League. The Commission has determined that the League has failed to file any non-profit income tax records with either the Pennsylvania Department of Revenue, or the United States Internal Revenue Service for years 1971 through 1980. In addition, it was not until September of 1980 that the League registered with the Pennsylvania Department of State, Bureau of Charitable Solicitations as required by state regulation.

Crime Commission surveillance and other law enforcement reports show that numerous organized crime members are or have been members of the organization.

## The LaRocca Family

John LaRocca continued to head the Southwestern Pennsylvania La Cosa Nostra family in 1981—a position he has held since 1956.

In 1957, LaRocca attended the Appalachin meeting of major organized crime figures in New York with his chief lieutenants, Michael Genovese and Gabriel Mannarino. Mannarino died in 1980, and as of early 1982, no one had been named to replace him.

Antonio Ripepi, a capo in the family, has retained control of gambling activity in Washington and Fayette counties, and also still has an interest in Keystone Music Co., a multi-million dollar coin vending business.

Ripepi's son-in-law, John Bazzano, Jr., was released from a federal prison in Danbury, Conn., in early 1981, and as a condition of his parole, is employed by a coal company in Washington County.

Bazzano, son of Western Pennsylvania's first crime leader, had been serving a sentence stemming from a 1975 conviction on charges of operating a large scale gambling business in the Mon-Valley area of Pittsburgh.

Two police officers examine debris left by a remote controlled bomb that blew the front off the home of Philip C. Testa, killing the organized crime leader before dawn, the morning of March 15, 1981. The bomb was packed with finishing nails.

**NICK NAVARRO**
SHERIFF
BROWARD COUNTY
P.O. BOX 9507
FORT LAUDERDALE, FLORIDA 33310

SUBJECT: EDWARD SCIANDRA

DATE: JANUARY 30, 1987

LOCATION: UNDERCOVER FACILITY, A WAREHOUSE LOCATED AT 1021 NE 45 STREET, OAKLAND PARK, BROWARD COUNTY, FLORIDA

ACTIVITY: TAPE RECORDED CONVERSATION BETWEEN SELF-PROFESSED GAMBINO LCN MEMBER STEVE CAVANO AND BROWARD COUNTY SHERIFF'S OFFICE DETECTIVES DAVID GREEN AND THEODORE P. STEPHENS, WHO WERE ACTING IN AN UNDERCOVER CAPACITY.

BACKGOUND: CAVANO and Green were discussing a situation where ANTHONY GOV GUARNIERI sent a Binghamton, NY resident to the Broward County home of BENNIE MUSSO; to scare MUSSO into paying a debt owed by MUSSO to GUARNIERI.

EDWARD SCIANDRA, acting boss of the Bufalino LCN Family, was present at MUSSO'S residence as was Det. Theodore P. Stephens, who was acting in an undercover capacity. During the dinner hour, the man sent by GUARNIERI to scare MUSSO, pushed is way into the residence and waved a pistol in MUSSO'S face. As Det. Stephens was explaining the portion of the story about SCIANDRA, "EDDIE" being present during the fiasco, CAVANO commented about SCIANDRA'S position in the Mafia:

TRANSCRIPTION

STEPHENS I'm telling you Steve, you should have been there.

CAVANO This is in his house?

GREEN This is in his house.

CAVANO This guy came into Bennie's house?

GREEN And this guy, Eddie's there, they're going to have dinner.

CAVANO Eddie was there?

STEPHENS Some guy by the name of Eddie and another guy by the name of (interrupted)...

CAVANO Boss there, that's Gov's boss, right.

GREEN Yeah that's the (interrupted)...

CAVANO He's the Consigliere for the family, he's in charge of the family while Russell's away.

SYNOPSIS: During this conversation, CAVANO identified "EDDIE", EDWARD SCIANDRA, as the Consigliere, who was also the ACTING BOSS of the FAMILY while RUSSELL was away.

RUSSELL BUFALINO, the boss of the Bufalino LCN "FAMILY" is currently in prison. Mob jargon for being in prison is: "AWAY". CAVANO accurately described the Bufalino, Sciandra, Guarnieri organization as the "FAMILY". The word "FAMILY", as used in this context, denotes a core group of individuals of Italian descent upon ceremony become made members of a Family; also known as the La Cosa Nostra, Mafia, and/or organized crime.

EXHIBIT G

**NICK NAVARRO**
SHERIFF
BROWARD COUNTY
P.O. BOX 9507
FORT LAUDERDALE, FLORIDA 33310

SUBJECT: JOSEPH E. TODARO, SR.
A/K/A "JOE T"

DATE: JANUARY 30, 1987

LOCATION: UNDERCOVER FACILITY, A WAREHOUSE LOCATED AT 1021 NE 45 STREET, OAKLAND PARK, BROWARD COUNTY, FLORIDA

ACTIVITY: CONVERSATION (TAPE RECORDED) BETWEEN SELF-PROFESSED GAMBINO LCN MEMBER STEVE CAVANO AND BROWARD COUNTY SHERIFF'S OFFICE DETECTIVE DAVID GREEN WHO WAS ACTING IN AN UNDERCOVER CAPACITY

TRANSCRIPT:

CAVANO Cause I know one time with CHARLIE, you didn't know CHARLIE, CHARLIE was with GOV. Ah, GOV and CHARLIE sat down with JOE T over our bar. Ah, this guy, Fred Warren, we owed him sixty thousand dollars from the bar. He built that bar so we owed him sixty grand and he, we had to sit down over the bar, extra wood in there. GOV and JOE T, I know know each other well.

GREEN But you know JOE T is, he thinks he's a big man now, apparently he's the guy who's going to be the big man around here.

CAVANO Cause he's boss.

GREEN Yeah.

CAVANO He's the boss.

GREEN Since they went to jail.

CAVANO Yeah well that makes him even stronger, makes him even stronger.

EXPLANATION

"CHARLIE" is CHARLIE "LIPS" FRATELLO. He has been identified by the Pennsylvania Crime Commission as a soldier in the Bufalino LCN Family.

FRATELLO was the Manager of the Seminar Lounge, 1400 Powerline Road, Pompano Beach, Broward County, Florida prior to his 1985 first degree murder conviction for a murder by shooting inside the Seminar Lounge in December 1984.

"GOV" is ANTHONY GUARNIERI, a Capodecina in the Bufalino LCN Family. GUARNIERI was an attendee at the 1957 Apalachin Meeting.

"JOE T" is JOSEPH E. TODARO, SR., believed to be the boss of the Buffalo, New York Maggadino LCN Family. TODARO has not been publicly identified as yet.

"SIT DOWN" is mob jargon for a Mafia meeting to settle a dispute.

The information pertaining to the connection between "JOE T", JOSEPH E. TODARO, SR. and FRED WARREN, who was the subject of the "sit down" described above, has been verified by toll records of TODARO'S Hollywood, Florida residence.

EXHIBIT H

CAVANO identified "JOE T" as the "boss".

David Green mentioned the incarceration of the New York Mafia Commission Members and CAVANO responded by saying TODARO'S position was "even stronger" because of the jail sentences.

NEW YORK STATE TEAMSTERS CONFERENCE PENSION & RETIREMENT FUND 89-77/213

PENSION BENEFIT ACCOUNT
7 Bargor Park • Utica, New York 13501-5096
VOID AFTER 30 DAYS

No. 390220

ONEIDA NATIONAL BANK
UTICA, NEW YORK

PAY TO THE ORDER OF

EXACTLY $130 AND 24 CTS

PENSION FOR MONTH OF AUGUST — CHECK NO. — AMOUNT
DO NOT CASH BEFORE BELOW DATE

089-18-1157-0 0691 E 5 08/01/85 390220 130.24
BENNIE RUSSO
3000 WEST HALLANDALE BEACH BLVD.
ROOM #101
HALLANDALE, FLORIDA 33009

⑈390220⑈ ⑆021300776⑆ 601 00009 4⑈

EXHIBIT I

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EXHIBIT NO. 45

STATEMENT SUBMITTED FOR THE RECORD

NEW YORK STATE POLICE

THOMAS A. CONSTANTINE, SUPERINTENDENT

U. S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

HEARINGS ON

ORGANIZED CRIME: 25 YEARS AFTER VALACHI

NEW YORK STATE POLICE
STATE CAMPUS
ALBANY, NY 12226

THOMAS A. CONSTANTINE
SUPERINTENDENT

August 19, 1987

RECEIVED BY
SENATE PERMANENT
SUBCOMM ON INVESTIGATIONS

SEP 1 - 1987

MAJORITY OFFICE

The Honorable Sam Nunn
Chairman
United States Senate
Senate Permanent Subcommittee
on Investigations
Washington, D.C. 20510-6250

Dear Senator Nunn:

In reply to your letter of July 28, 1987, the following synopsis of La Cosa Nostra investigations conducted by the New York State Police is submitted for your review.

1. Rochester Organized Crime Investigation
2. Albany Gambling & Loan Sharking Investigation
3. Carting Industry Investigation
4. Joint Narcotics Investigation with Federal Agencies
5. Southern Tier Gambling Investigation
6. Commission Case
7. Credit Card Investigation
8. Colombo Crew
9. CAMORRA

If any further information is desired by your staff, feel free to contact me. Be assured of our continued assistance in all matters of mutual concern.

Sincerely,

Thomas A. Constantine
Superintendent

Enclosure

## ROCHESTER ORGANIZED CRIME INVESTIGATION

In November of 1982 a combined investigation by State Police Special Investigations Unit and Federal and Local law enforcement agencies resulted in the indictment of ten (10) members of the Rochester organized crime group on Federal Racketeering charges. These indictments and ultimate convictions, virtually eliminated the hierarchy of the Rochester crime group.

This group referred to as an **ENTERPRISE** was charged under the Federal Racketeer Influenced and Corrupt Organizations (RICO) Statute. Members of this **ENTERPRISE** were charged with involvement in several murders and attempted murders, acts of extortion involving gambling and attempted arson.

Much of the evidence presented during this investigation came in the form of direct testimony of former associates of the organized crime figures who have since been relocated in the Federal Protection Witness Program. A substantial part of the corroboration in this case was supplied by State Police personnel. This information was developed from previous pro-active police work done by State Police investigators. This evidence was considered to be of significant importance by government attorneys.

The indictment charges that the ten defendants and other persons constituted a criminal organization which existed in the Western District of New York area from approximately 1971 to this date. The indictment alleges that the purposes of the criminal organization included: the obtaining of monies

by engaging in illegal acts, including extortion of gambling clubs in the Rochester area; controlling the activities of the members of the organization by murder and other illegal means; protecting the organization from rival groups by murder, arson and other illegal means; and avoiding and thwarting investigations and prosecutions of the organization and its members by committing murder, obstruction of justice and other illegal acts.

The indictment alleges that the criminal organization, which is referred to as an **"enterprise"** in the indictment, possessed an internal structure having various leadership positions and states that **SAMUEL RUSSOTTI** is the "Boss" of the "enterprise", **RENE PICCARRETO** is the "Counselor", **RICHARD J. MARINO** is the "Underboss", **JOSEPH R. ROSSI** and **THOMAS MAROTTA** are "Captains" in the "enterprise", **ANTHONY M. COLOMBO, DONALD J. PAONE, JOSEPH J. TRIESTE** and **JOSEPH J. LA DOLCE** are members of the "enterprise", and **JOHN M. TRIVIGNO** is employed by and associated with the "enterprise".

The indictment goes on to allege that the defendants and others carried out the purposes of the criminal organization by using means and methods involving: acts and threats involving murder, attempted murder, accessory to murder, conspiracy to murder and solicitation of murder; acts and threats involving arson, attempted arson, accessory to arson, and conspiracy to commit arson; interference with Interstate Commerce by extortion; and obstruction of justice by influencing, intimidating and impeding witnesses in the courts of the United States and by impeding the due administration of justice.

( 3 )

The indictment alleges that the ten defendants and others conducted and participated in the affairs of the enterprise through a pattern of racketeering activity. The indictment sets forth ten specific acts of racketeering which it is alleged the defendants and others committed. The acts set forth in the indictment allege that:

(1) **RUSSOTTI, PICCARRETO** and **MARINO** conspired to murder **VINCENT JAMES MASSARO** and on or about November 23, 1973 did murder **VINCENT JAMES MASSARO.**

(2) **RUSSOTTI, PICCARRETO, MARINO, MAROTTA, ROSSI, PAONE, COLOMBO, TRIESTE** and **TRIVIGNO** conspired to murder **ROSARIO CHIRICO** and on or about May 25, 1978, did attempt to murder **ROSARIO CHIRICO;**

(3) **RUSSOTTI, PICCARRETO, MARINO, MAROTTA, ROSSI, PAONE, COLOMBO, TRIESTE** and **TRIVIGNO** conspired to murder **DOMINIC CELESTINO** and on or about June 18, 1978 did attempt to murder **DOMINIC CELESTINO;**

(4) **RUSSOTTI, PICCARRETO, MARINO, MAROTTA, ROSSI, COLOMBO, PAONE, TRIESTE, LA DOLCE** and **TRIVIGNO** conspired to murder **THOMAS DIDIO** and on or about July 6, 1978 did murder **THOMAS DIDIO;**

(5) **PICCARRETO, MARINO, ROSSI, COLOMBO, PAONE** and **LA DOLCE** conspired to murder **ANGELO DIMARCO** and on or about March 13, 1979 did attempt to murder **ANGELO DIMARCO,** and that these same defendants endeavored to obstruct justice by endeavoring to murder **DIMARCO,** a witness before the October 1977 Federal Grand Jury;

(6) **MARINO** obstructed justice by corruptly counselling one **VINCENT RALLO** to provide false testimony before the May 1980 Federal Grand Jury;

(7) **RUSSOTTI, MARINO, MAROTTA, ROSSI** and **TRIVIGNO** obstructed interstate commerce by extorting monies from persons associated with the Caserta Social and Political Club (also known as the "44 Club"), 44 Lake Avenue, Rochester, New York;

(8) **RUSSOTTI, PICCARRETO, MARINO, ROSSI** and **PAONE** obstructed interstate commerce by extorting monies from persons associated with the Young Men's Social Club (also known as the "Lyell Avenue Social Club" and "Torpey's Joint"), 253 Lyell Avenue, Rochester, New York;

(9) **RUSSOTTI, ROSSI** and **PAONE** conspired to commit arson and attempted to commit arson of a business known as Trolley Collision owned by **ROSARIO CHIRICO**; and

(10) **MARINO** obstructed justice by corruptly counselling and advising one **ROBERT BRUCATO**, a witness before the Federal Grand Jury to provide false testimony before the October 1977 and the May 1980 Federal Grand Juries in Rochester.

The Federal Grand Jury returned the indictment on November 8, 1982 and arrest warrants were issued for the ten defendants.

The indictment culminates a three year long investigation by Federal Bureau of Investigation; State Police; Rochester Police Department; Department of Alcohol, Tabocco and Firearms and the Organized Crime Task Force.

## ALBANY GAMBLING LOANSHARKING INVESTIGATION

In May of 1983, the New York State Police Special Investigations Unit, in conjunction with the New York State Organized Crime Task Force and Federal Bureau of Investigation, started an investigation into the gambling activity in the Albany Capital District area.

Information had been developed, and later proved to be correct, that members of the Springfield, Massachusetts organized crime faction had sent representatives into the Albany area to take over the gambling (policy) and loansharking activities of some of the local gamblers. The Springfield, Massachusetts organized crime faction is controlled by **ADOLPO "AL" BRUNO** who is alligned to the Genovese crime family gambling interests.

This investigation commenced with a series of court authorized technical surveillances in the Albany Capital District directed at illegal gambling activities. It soon became evident that representatives for the Springfield, Massachusetts group were attempting to gain control of local gambling operations through extortion and loansharking techniques. The goal of this group was to acquire an interest in the local gambling operations so that they could get local gamblers to turn their "work" over to representatives of the Springfield, Massachusetts group.

In February of 1984, State Police personnel executed nine (9) search warrants in the Capital District and seized large quantities of cash and gambling records. Subsequently,

the Organized Crime Task Force impaneled a Grand Jury in Albany County and the evidence developed was presented. As a result of the Grand Jury investigation, fourteen (14) defendants were arrested in December of 1984.

Charged in these indictments was **ADOLPO "AL" BRUNO** of Agawam, Massachusetts the alleged leader of the Springfield group. Subjects arrested in this investigation were charged with a myraid of crimes which included felony promoting of gambling, possession of gambling records, coercion, loansharking and conspiracy.

Those sentenced were: **ADOLPO "AL" BRUNO,** leader of the takeover, received five years probation and $5,000 fine after pleading guilty to Attempted Criminal Usury 1st Degree; **ANTHONY LIQUORI** received five years probation in the forfeiture of $4,616 taken from him after pleading guilty to Promoting Gambling 1st Degree; **AMEDEO SANTANIELLO** received five years probation and a $4,000 fine after pleading guilty to Attempted Criminal Usury in the 1st Degree; **PAUL "LEGS" DI COCCO** received five years probation and $500 fine after pleading guilty to Coercion 1st Degree; **DULIO "JAKE" DI COCCO** received five years probation and a $250 fine after pleading guilty to Possession of Gambling Records 1st Degree; **PAUL "PAT PAULIE" DI COCCO JR.** received five years probation and $250 fine after pleading guilty to Possession of Gambling Records 1st Degree; **PETER DI COCCO** received five years probation and $250 fine after pleading guilty to Possession of Gambling Records 1st Degree; **FRANK MARCHESE** received five years probation plus the forfeiture of a Cadillac

automobile and over $3,000 cash after pleading guilty to Attempted Criminal Usury 1st Degree and Possession of Gambling Records 1st Degree; **JOSEPH LONDON** received 5 years probation and a $500 fine after pleading guilty to Promoting Gambling 1st Degree; **MICHAEL AGRESTA** received 5 years probation and a $500 fine after pleading guilty to Promoting Gambling 1st Degree; and **JOHN RENNA** received 5 years probation and $250 fine after pleading guilty to Attempted Criminal Usury 1st Degree.

## CARTING INDUSTRY INVESTIGATION

One of our most successful Organized Crime investigations involved the domination of the private carting industry on Long Island by the **LUCHESE** Crime Family.

During 1983, in conjunction with the statewide Organized Crime Task Force and Suffolk County authorities, the New York State Police Special Investigations Unit commenced an investigation into the dominance and control of the private carting industry on Long Island. This industry was ripe for exploitation by organized crime and the investigation disclosed a classic textbook-type example of mob activity. Trash collection on Long Island is basically handled by private sanitation companies who have commercial and residential accounts. Most carting service was provided through a system of competitive bidding. A municipality would award a contract to the lowest qualified bidder to handle residential pickups in the town for a specified time period. Commercial accounts were handled, in theory, on the basis of competition. The system, good in theory, broke down when organized crime entered the picture.

The extensive state investigation into the carting industry uncovered a network of organized crime associates, contract bid-rigging, political corruption and labor racketeering. Our personnel spent many hours conducting both technical and physical surveillances. Court authorization was sought and received to intercept and monitor telephonic communications

between the conspirators. The results confirmed the domination of the industry by organized crime elements. In this case the **LUCHESE** LCN Family controlled the activities pertaining to the private carting industry. To assist them in their domination, they engaged the services of the **GAMBINO** LCN Family which exerted control over the local teamsters union. These organized crime groups shared in the proceeds.

The investigation disclosed, and subsequent indictments would charge that the conspirators agreed among themselves which carter would serve which "stops", or customers, large or small, ranging from an individual private home to a restaurant, an office building or a large hospital. Once a stop belonged to a carter, no other carter would compete with him by soliciting the customer's business by offering a lower price, and no other carter would respond positively if a customer were to become dissatisfied with his carter and try to find another.

The carter, in effect, owned the stop and could sell it or trade it but no one could take it away from him.

A crucial mechanism in the maintenance of this anti-competitive conspiracy was the corruption of the public bidding process since many governmental accounts are awarded through bidding. The investigation disclosed that the bidding process was corrupted to ensure that carters were able to retain their rights to their stops. Public officials were induced to prevent certain carters from knowing that bids were being solicited;

carters agreed among themselves what bids they would submit; and certain carters were pressured not to bid or to bid a prearranged amount.

The investigation disclosed that this agreement was enforced through a pattern of coercion and threats against "rebel" carters who refused or were reluctant to participate in the conspiracy. The defendants allegedly instilled fear among rebel carters that they would suffer physical injury or death, that their property or equipment would be damaged, that their customers would be solicited away, or that they would suffer labor union problems.

This investigation revealed that **SALVATORE AVELLINO, JR.**, who operated a carting company on Long Island and is a member of the **LUCHESE** LCN, was a central figure in this rackets operation. The investigation also revealed that **AVELLINO** acted as a chauffeur for **ANTONIO "TONY DUCKS" CORALLO**, the boss of the **LUCHESE** LCN. He regularly drove **CORALLO** to meetings with other organized crime figures. Court authorized interceptions included permission to install a listening device in **SALVATORE AVELLINO'S** Jaguar sedan in which he regularly transported **ANTHONY CORALLO**. It was in this vehicle, with state investigators following, listening and recording, that they discussed organized crime matters. For months, surveillance teams followed the bugged car from Long Island to the Bronx, Queens and Manhattan.

The conversations were transmitted and received by investigators in a specially equipped van that recorded the

conversations of **AVELLINO, CORALLO** and other mob figures as they talked in the bugged Jaguar.

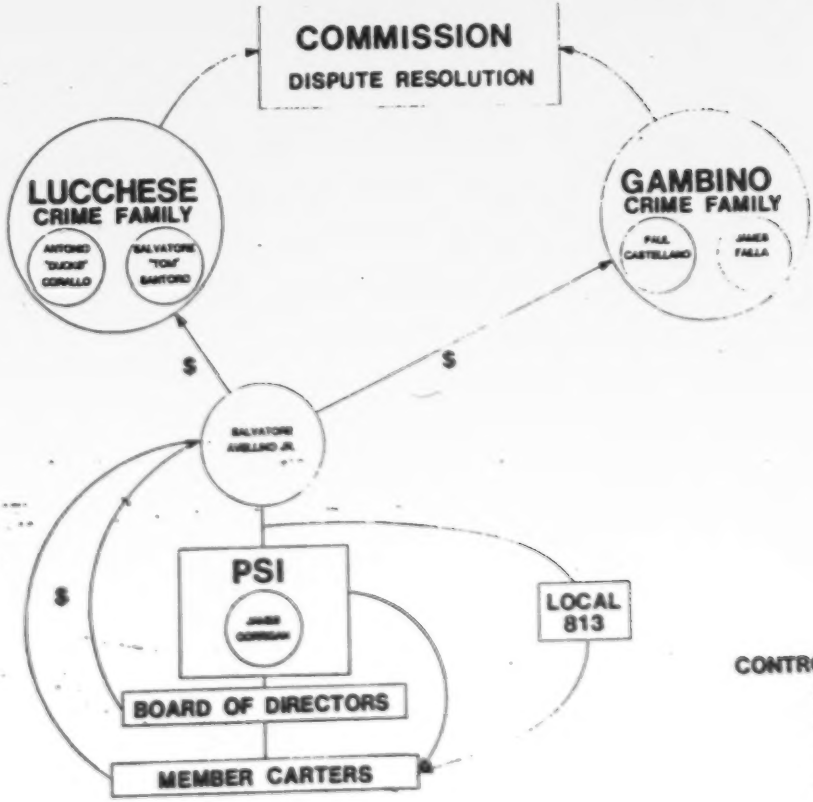
These conversations included some of the most revealing disclosures of organized crime operations ever intercepted and have enabled State and Federal authorities to penetrate the inner secrets of the ruling body of organized crime, its Commission.

The State concluded the first phase of its investigation on September 13, 1984 with the indictment of twenty-one (21) individuals and fifteen (15) carting companies. Included in these indictments were three (3) **LUCHESE** Crime Family members: **ANTONIO "TONY DUCKS" CORALLO**, his underboss **SALVATORE "TOM MIX" SANTORO** and Family member **SALVATORE AVELLINO**. Defendants were charged with a myriad of charges pertaining to extortion, bribery and related matters.

On September 20, 1984, a second series of indictments were returned against eleven (11) more people. Six (6) of these defendants were public officials who were indicted for Bribe Receiving and Contempt and Perjury.

It was estimated that if this criminal conspiracy was to continue, it would inflate garbage collection costs in Suffolk County by as much as ten million dollars annually.

# LONG ISLAND CARTING INDUSTRY



## JOINT NARCOTICS INVESTIGATION WITH FEDERAL AGENCIES

In April 1984, the State Police Special Investigations Unit and Organized Crime Task Force successfully concluded a major drug investigation spanning a seven-month period which involved a heroin smuggling ring operating between Sicily and the United States.

This investigation, which involved elements of the United States-based **BONANNO** and **GAMBINO** organized crime families acting in concert with the Sicilian Mafia, came to a conclusion on April 9, 1984 with the arrest, in conjunction with the FBI, of 12 subjects in the New York City area.

These arrests, which were part of a larger international drug investigation being conducted by the United States Justice Department, brought to a close what United States Attorney General WILLIAM FRENCH SMITH termed during a post-arrest news conference as "...the most significant case involving heroin trafficking by traditional organized crime that has ever been developed by the government."

Indictments by the Justice Department totaled 31 defendants in seven states and five countries. Estimates of the ring's activity indicate that they have imported at least 330 pounds of heroin into the United States for the past five years. This heroin is conservatively valued at $1.65 billion.

Two of the 12 New York City area defendants were active targets of the State Police investigation. It is believed that a clothing boutique operated by one of the subjects in **VAILS**

**GATE, ORANGE COUNTY,** was utilized as a first-drop point for heroin this group brought into the United States from Sicily via Canada (one of several methods believed employed by this group).

Among the 31 targets, the FBI was able to establish cases resulting in the indictments of **SALVATORE CATALANO** and **GAETANO BADALAMENTI. CATALANO** is purported to be a second ranking member (or "underboss") of the **BONANNO** organized crime family, and thought to be the most important figure in the United States insofar as the trafficking in international heroin is concerned. **BADALAMENTI** is a top ranking Sicilian mafia leader who figured prominently in the notorious "French Connection" case in the 1960's. He has been an international figure for the past 10 years and was, at the time of his arrest in Spain, the most wanted criminal in Italy.

Although a major shipment of heroin (known to be in excess of 50 pounds) was about to enter the country from Sicily (via Fort Lauderdale, Florida), it was the judgment of Federal authorities to move to arrest all the co-conspirators when the opportunity to capture **BADALAMENTI** presented itself.

United States Attorney General SMITH, in his news conference, made special note of the invaluable assistance rendered to the overall investigation by the New York State Police Special Investigations Unit.

In all, some 27 weeks of wiretaps on five different phones and physical surveillances on several dozen individuals were conducted. A total of 12,680 man-hours were devoted to this case during the active period of the investigation by members of the Special Investigations Unit.

This investigation represented the epitomy of joint federal, state and local cooperation in major organized crime/narcotics investigations.

## SOUTHERN TIER GAMBLING INVESTIGATION

A State Police gambling investigation that was successfully concluded by the Special Investigations Unit in 1984 involved a documented member of the **BUFALINO** Organized Crime Family who has long been considered that crime family's main operative for the Southern Tier gambling activities. Two State Police investigators were able to penetrate the Southern Tier gambling operation which was basically centered in the Binghamton and Waverly areas. Investigation disclosed these subjects to be operating a major bookmaking operation in the Waverly area with ties to other locations both within and without New York State. Working in conjunction with the Organized Crime Task Force, a presentation was made to a Tioga County Grand Jury. A member of the **BUFALINO** Organized Crime Family was called as a witness before the Grand Jury. This subject has been documented by the Pennsylvania Crime Commission as a member of this Family which operates in Northern Pennsylvania and the Southern Tier of New York State. This subject resides in both Binghamton and Manhattan. He reportedly oversees gambling operations in the Southern Tier for the **BUFALINO** group. A member of the bookmaking operation was also called before the special Grand Jury in Tioga County. As a result of the evidence secured by the undercover Special Investigations Unit investigators and the evasive testimony before the Grand Jury, several indictments were secured. The reputed organized figure was charged with ten (10) Felony counts of Criminal Contempt 1st Degree. An operative in the bookmaking operation in Waverly was charged

with five (5) Felony counts of Criminal Contempt 1st Degree. The subject identified as being the head of bookmaking operations in the Waverly area was indicted on Felony counts of Promoting Gambling 1st Degree, Possession of Gambling Records 1st Degree and Conspiracy.

On November 28, 1984, the reputed organized crime figure was convicted on all ten (10) Felony counts at a trial in Tioga County. On December 7, the Waverly bookmaker was convicted on all Felony gambling and conspiracy charges in Tioga County Court. on December 11, the bookmaking operative from Waverly pled guilty to all five (5) Felony counts of Criminal Contempt 1st Degree in Tioga County.

The arrest and conviction of these subjects is believed to have a considerable impact on bookmaking activities in that area.

## COMMISSION CASE 1985

The "Commission Case" involved the Government taking to trial and convicting the top leadership of three of the five ruling Mafia families in the United States. Law enforcement authorities and legal scholars are generally in agreement as to the tremendous significance of this case and its impact on so-called Traditional Organized Crime in the United States.

After the 1984 indictments of **ANTHONY CORALLO, SALVATORE AVELLINO, ET AL,** the New York State Police and the Organized Crime Task Force, turned copies of 770, 90 minute tapes over to federal authorities. The tapes provided to be a rich source of information for the federal prosecution. Information from the tapes was used by both the Eastern and Southern District of the U.S. Attorney's Office. At the press conference announcing the indictment of the Commission, Mr. Giuliani, U.S. Attorney for the Southern District, commended New York State Police in turning over to the Federal government significant evidence gathered by the State Police, and putting the public good ahead of any narrower concerns. It is clear that without these contributions, this case and other related cases would not have reached the levels so far achieved.

In February of 1985, a Federal Grand Jury in Manhattan indicted **"THE COMMISSION"**, the ruling council of the Mafia's five families in New York City. The indictment charged the five bosses of the families and four other high-ranking members with participating in the decision-making process and activities

of the families. The indictment charged that the Commission regulated the relationship between the Mafia families. The confirmation of the existence of the Commission came in the form of their own voices from the now famous "bug in the Jaguar."

The five Bosses charged in the indictment, and their respective families, are as follows:

**ANTHONY SALERNO**, aka "Fat Tony", Boss of the **GENOVESE** Family, DOB 08/11/11, age 73; RD #1, Oriole Hill Road, Rhinebeck, New York.

**PAUL CASTELLANO**, aka "Paulie", "Mr. Paul", and "Big Paul", Boss of the **GAMBINO** Family, DOB 06/26/15, age 69; 177 Benedict Road, Staten Island, New York.

**ANTHONY CORALLO**, aka "Tony Ducks", Boss of the **LUCHESE** Family, DOB 01/12/13, age 72; 9 Grace Court, South Oyster Bay Cove, New York.

**PHILIP RASTELLI**, aka "Rusty", Boss of the **BONANNO** Family, DOB 01/13/18, age 67; 473 Vandervoort Avenue, Brooklyn, New York.

**GENNARO LANGELLA**, aka "Gerry Lang", Boss of the **BONANNO** Family, DOB 01/23/38, age 46; 1617 Cropsey Avenue, Brooklyn, New York.

The four other alleged members or associates of the Commission charged in the indictment and their respective family affiliations and positions are:

**ANIELLO DELLACROCE**, aka "Neil", and "O'Neil", the Underboss of the **GAMBINO** Family, DOB 03/15/14, age 60; 597 West Fingerboard Road, Staten Island, New York.

**SALVATORE SANTORO**, aka "Tom Mix", the Underboss of the **LUCHESE** Family, DOB 11/18/15, age 69; 90 City Island Avenue, Bronx, New York.

**CHRISTOPHER FURNARI**, aka "Christie Tick", the Consigliere of the **LUCHESE** Family, DOB 04/30/24, age 60; 66 Adams Court, Staten Island, New York.

**RALPH SCOPO**, a member of the **COLOMBO** Family and President of the Concrete Workers District Council, Laborers International Union of North America, DOB 11/20/28, age 56; 159-51 91st Street, Howard Beach, New York.

The indictment charged that from 1900 to the present, there existed a nationwide criminal society known as La Cosa Nostra, which operated throughout the United States through entities known as "Families." Each Family had as its leader a person known as a "Boss", a Deputy Leader known as an "Underboss" and a high-ranking official known as "Consigliere." Families also included officers known as "Capos", members known as "Soldiers" and "Associates." The Boss, assisted by the Underboss and the Consigliere, supervised, promoted and protected the criminal activities of the capos, soldiers and associates, and in return, received a part of the illegal earnings of those capos, soldiers and associates.

(4)

According to the indictment, five La Cosa Nostra Families are based in New York City, although they also operate throughout the United States and abroad. Each of these families is often identified by the name of a former boss. In the indictment, they are identified as the **GENOVESE** Family, the **GAMBINO** Family, the **COLOMBO** Family, the **LUCHESE** Family and the **BONANNO** Family.

The indictment also alleged that in or about 1931, the Bosses of the five Families in New York and several other powerful La Cosa Nostra Families associated to form the "Commission" to serve as their Council. From 1931 to the present, the Commission had the power to resolve disputes and to regulate relations between and among La Cosa Nostra Families. The Commission was comprised of Bosses and Acting Bosses, acting in concert with other high-ranking officers, from the five New York La Cosa Nostra Families, as well as at various times Family Bosses from Buffalo, Chicago, Detroit, Philadelphia and New Jersey.

Specifically, the indictment alleged that the Commission:

-- promoted and carried out joint ventures between La Cosa Nostra Families to obtain money through illegal ventures, including "The Club", a scheme to control concrete contractors and allocate concrete contract payoffs in New York City;

-- resolved disputes and regulated relationships between and among families concerning illegal activities, including loansharking, gambling, drug trafficking and infiltration of labor unions;

-- extended formal recognition to newly-elected Bosses;

-- maintained order between and among families by measures including authorizing the murder of high-ranking Family members;

-- approved the initiation or "making" of new Family members;

-- controlled relations with the Sicilian La Cosa Nostra, a separate enterprise;

-- established certain rules governing leaders and members of La Cosa Nostra;

-- kept persons inside and outside La Cosa Nostra in fear of the Commission by identifying the Commission with threats, violence and murder.

(6)

It was this investigation which led to the indictments of **ANTHONY CORALLO** and other mob figures. The indictments were based largely on bugged conversations that took place in a black Jaguar in which **SALVATORE AVELLINO, JR.** frequently chauffeured **CORALLO** and other gang members on mob business. In the conversations, the mob people spoke about mob authorized murders, loansharking, labor racketeering and extortion.

As a result of these tapes from the black Jaguar, it was clear that the Commission was established for, and served the purpose of settling disputes arising from the competing interests of the Families and their members.

All eight defendants in this case were convicted of each of twenty-two counts of Racketeering and Racketeering Conspiracy. **ANTHONY "Fat Tony" SALERNO, ANTHONY "Tony Ducks" CORALLO** and **CARMINE "Junior" PERSICO**, Bosses of the **GENOVESE, LUCHESE** and **COLOMBO** Organized Crime Families respectively, were sentenced to one hundred years in prison, as were Luchese Underboss **SALVATORE "Tom Mix" SANTORO** and Luchese Consiglieri **CHRISTOPHER "Christy TIck" FURNARI**, Colombo Underboss **GENNERO "Gerry Lang" LANGELLA** and Colombo Family member **RALPH SCOPO** who, as President of the Cement and Concrete Workers District Council, was able to enforce the Commission's wishes by initiating labor problems with any company failing to fully cooperate. The eighth defendant, Bonanno Family member **ANTHONY "Bruno" INDELICATO**, received a forty year sentence.

The heads of the remaining two of New York City's five ruling organized crime families, **PAUL CASTELLANO** - Leader of the **GAMBINOS** and **PHILIP RASTELLI - Boss of the BONANNO** Family, were named in the original indictment but **CASTELLANO** was murdered prior to the start of the trial and his Underboss, **ANIELLO DELLACROCE**, also under indictment, died of natural causes before he could be brought to trial. **RASTELLI's** case was severed from the others before the trial commenced in September 1986 and he is presently awaiting trial.

**PHILIP RASTELLI** was convicted in November of 1986 by Federal authorities for his part in a Racketeering scheme that took control of New York City's moving and storage industry. In March of 1987, **PHILIP RASTELLI** started serving his twelve year prison term for Labor Racketeering.

## CREDIT CARD INVESTIGATION - DECEMBER 1985

State Police Special Investigations Unit personnel, working with the Statewide Organized Crime Task Force and the U.S. Secret Service, conducted a year long investigation into losses caused by counterfeit Master Charge and Visa credit cards. This investigation centered on identifying and arresting the organized crime members who were manufacturing and distributing these counterfeit cards both locally and worldwide. In June, seventeen (17) subjects were arrested and some twenty thousand (20,000) counterfeit credit Master Charge and Visa credit cards were seized. Also seized was printing equipment, including plates and presses from three different commercial printing plants in Manhattan and some 80,000 additional cards in various stages of completion. Officials of both Master Charge and Visa estimated that the cards seized, if moved into circulation, could have resulted in a potential loss of some $550 million dollars. Defendants arrested in this case were members of both the **LUCHESE** and **BONANNO** crime families.

## COLOMBO CREW

In April of 1985, a combined investigation by the State Police Special Investigations Unit, Federal Bureau of Investigation and Suffolk County Police Department resulted in a seventy-one count indictment by a Federal Grand Jury charging twenty-five defendants including **ANTHONY, VINCENT** and **JOSEPH COLOMBO, JR.**, three sons of the late **JOSEPH COLOMBO**, the former boss of the **COLOMBO** Organized Crime Family.

The indictment charges that **ANTHONY COLOMBO** headed a "crew" of members and associates of the **COLOMBO** family that was involved in a myriad of crimes including murder, attempted murder, extortion, narcotics sales and possession, numerous home robberies, postal thefts, mail and wire fraud, interstate transportation of stolen property and conspiracy.

The first count of the indictment charges twenty-two of the defendants with a violation of the Racketeering Influenced and Corrupt Organizations (RICO) statute. That count charges that the twenty-two defendants were members of and associated with a criminal enterprise known as the **ANTHONY COLOMBO CREW.** The **ANTHONY COLOMBO CREW** was a part of the **COLOMBO** crime family and was headed by **ANTHONY COLOMBO.** It operated primarily out of the **EL DORO CATERING HALL** at 9413 Avenue L in Brooklyn, but its members carried out their criminal activities throughout the United States. Many of their crimes took place in Suffolk County.

The RICO count charges that it was the primary purpose of the enterprise to enrich its members and associates through the commission of various crimes called "scores". Some of the "scores" (crimes) with which the defendants are charged include:

1. The murder of **HERMAN ZARANSKI**, a seventy year old man, in March 1983 during a robbery in his home in New Windsor, New York.

2. The attempted murder of **ALPHONSE M. MEROLLA**, who was shot after he cooperated with Las Vegas authorities investigating the involvement of **JOSEPH COLOMBO, JR.** in a credit scam at the **DUNES CASINO** in Las Vegas, Nevada.

3. Robberies of several victims at their homes, primarily in Suffolk County, where the defendants posed as police officers in order to gain admittance to the homes.

4. The extortion of the owner of the **CAPLAN BUICK** dealership formerly located on 86th Street in Brooklyn.

5. The extortion of the owner of the **SALTY DOG RESTAURANT** formerly located in Kew Gardens, Queens.

6. A conspiracy to rob suspected wealthy passengers aboard a **COSMOPOLITAN AIRLINES** gambling junket flight from **REPUBLIC AIRPORT** in Farmingdale, Long Island, to Atlantic City, New Jersey.

7. A conspiracy to rob the weekly payroll at the **PINE HILLS COUNTRY CLUB** in Manorville, Long Island.

8. A large scale conspiracy to steal large amounts of cocaine and amphetamines from drug dealers to sell the narcotics for profit.

9. The hijacking of a truck carrying a substantial amount of hashish in a false floor panel.

10. The operation of two after hours gambling clubs in Manhattan in 1981 and 1982.

11. The bribery of a New York City detective who was posing as a corrupt police officer.

12. A counterfeit credit card scheme that netted over $50,000 in a five-week period during 1982.

13. A plan to rob a Suffolk County businessman that was interrupted when members of the Suffolk County Police Department arrested several of the defendants before they could complete the robbery.

14. The staging of two burglaries in a scheme to steal over $40,000 worth of electronic video games from a Long Island businessman.

15. The conspiracy to rob a New Jersey businessman whose company was in competition with a company linked to the defendants.

**ANTHONY COLOMBO** was not charged in the RICO count since the investigation of his involvement in that count is continuing. Nonetheless, he is still charged with various counts of narcotics trafficking and extortion. One of the four narcotics counts charges **COLOMBO** with violating the Continuing Criminal Enterprise statute and carries a possible penalty of life imprisonment without parole. Under the provisions of the RICO

statute, the government is seeking forfeiture of over $3,600,000 to the United States. This figure represents the proceeds that the defendants realized from their criminal activity.

**ANTHONY COLOMBO**, 41, eldest son of **JOSEPH COLOMBO**, plead guilty to racketeering charges in June of 1986. He was sentenced to fourteen (14) years and to pay the government $500,000.00 in restitution and forfeitures. Brothers **JOSEPH, JR.** and **VINCENT** were sentenced to five (5) year prison terms. Twelve others plead guilty to racketeering charges.

## CAMORRA - 1987

In September of 1984, the Massachusetts State Police and Drug Enforcement Administration at Springfield, Masachusetts arrested **ANTONIO "TONY" MANZI** of 37 Somerset Street, Springfield, Massachusetts, for sale and possession of cocaine. **ANTONIO MANZI** was identified as a member of the **CAMORRA**, working for **"DON" RAFFAELE CUTOLO** who is incarcerated in Italy. Italian authorities advised that **MANZI** was wanted in Italy for murder, narcotics and weapon violations.

In Albany, New York, members of the State Police Special Investigations Unit identify a subject, **BRUNO SICA**, who was dealing cocaine. **BRUNO SICA** was seen at a local vacation resort with various members of the **COLOMBO** crime family. Investigation revealed that **BRUNO SICA** was using the same 37 Somerset address in Springfield, Massachusetts as **ANTONIO MANZI.**

Investigation by State Police and United States Immigration and Naturalization Service continued until March of 1987 when **BRUNO SICA** was arrested for being an Illegal Alien and Possession of a Forged Instrument (Fraudulent Immigration Card). Photographs and fingerprints of **BRUNO SICA** were sent to Naples, Italy where they were able to identify **BRUNO SICA** as **ENRICO MADONNA** of Cervinara Avellino, Italy. Italian authorities indicated that **MADONNA** is a member of the **CAMORRA** and the consigliere to **DON RAFFAELE CUTOLO. MADONNA** was also a fugitive from Italy where he was wanted for extortion, narcotics violations and criminal association with mafia members.

Shortly after the arrest of **ENRICO MADONNA**, another **CAMORRA** member, **BIAGIO CAVA**, an alleged hit man, was arrested in Springfield, Massachusetts, as an illegal alien. Other **CAMORRA** members have been arrested in Chicago, Illinois.

Italian authorities have identified **ENRICO MADONNA**, **ANTONIO MANZI** and **BIAGIO CAVA** as members of "**The CAMORRA**". They also stated that there are two distinct groups within this Italian Organized Crime Family. The first is the **NEW ORGANIZED CAMORRA (NUOVA CAMORRA ORGANIZZATA)** headed by the incarcerated **RAFFAELE CUTOLO**. The second group is the **NEW FAMILY (NUOVA FAMIGLIA)**, led by the fugitive **ANTONIO BARDELLINO**, which is comprised of all clans of **CAMORRA**, excluding **CUTOLO'S** clan.

The **CAMORRA**, operating from the Naples area, are suspected of being involved in an extensive cocaine distribution network that furnishes cocaine for Italy and other European countries. One major importer of cocaine into Italy is Italian fugitive **ANTONIO BARDELLINO**, the Boss of one of the three **CAMORRA** families that are closely aligned to the Sicilian Mafia. **BARDELLINO** is believed to be in San Paulo, Brazil.

The Italians have many associates in South America and are in an excellent position to establish cocaine smuggling routes similar to what was uncovered during the Pizza Connection Investigation.

EXHIBIT NO. 46

STATEMENT SUBMITTED FOR THE RECORD

BUREAU OF ALCOHOL TOBACCO & FIREARMS

DEPARTMENT OF THE TREASURY

U. S. SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

HEARINGS ON

ORGANIZED CRIME: 25 YEARS AFTER VALACHI

OFFICE OF
THE DIRECTOR

DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
WASHINGTON, D.C. 20226

REFER TO

October 14, 1987

Honorable Sam Nunn
Chairman, Permanent Subcommittee on
Investigations/
Committee on Governmental Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Per your request of October 6, 1987, enclosed please find a statement from the Bureau of Alcohol, Tobacco and Firearms regarding our organized crime investigative activity. We understand that this statement will be included as part of your final hearing record for Fall 1987.

Should you require additional information, please do not hesitate to contact Jim Pasco at 566-7376.

Sincerely yours,

W. T. Drake

Acting Director

Enclosure

INTRODUCTION

Organized crime, as defined by the Bureau of Alcohol, Tobacco and Firearms (ATF), "refers to those self-perpetuating, structured and disciplined associations of individuals or organizations who have combined together for the purpose of obtaining monetary or commercial benefit, or power, wholly or in part by illegal means, utilizing a pattern of corruption, violence and threats of violence to achieve their goals and protect their activities."

Characteristically, organized crime enterprises involve several individuals; impact multiple law enforcement jurisdictions; and exhibit a ready predisposition to use violence to achieve their aims or to preclude disclosure. As a result, ATF has assigned the investigation of organized crime enterprises a high priority in each of its several program areas.

Today, as in the past, ATF is involved in the active and successful investigation of organized crime as personified by La Cosa Nostra, outlaw motorcycle gangs, street gangs, and, most recently, Asian and Jamaican organized criminal groups.

The majority of Jamaican criminal groups (referred to as posses) active in the United States draw their membership from convicted felons and/or illegal aliens. Usually the infrastructure of the various posses is composed of

individuals who began their criminal careers early in Jamaica and either were forced to flee or voluntarily left that country. The rapid expansion and increase in the number of posses operating in the United States is directly attributed to the lucrative market in narcotics trafficking; especially in the form of crack houses.

Jamaican posses have been identified as operating in Miami, Fort Lauderdale, New York City, Houston, Boston, Philadelphia, Kansas City, Washington, DC, Cleveland, Dallas, Chicago, Los Angeles, Denver, Hartford, and Toronto, Canada. As of this date, 40 ATF investigations, involving 84 defendants, have been recommended by ATF for prosecution. Recognizing the menace represented by Jamaican posses, ATF assumed a lead agency posture among Federal law enforcement agencies and during the week of July 13-17, 1987, sponsored an international conference on Jamaican posses in Miami, Florida. The conference was attended by 85 Federal law enforcement officials from across the United States, Canada, and Great Britain. The conference focused on the alarming rise in criminal activity displayed by the Jamaican gangs who have been identified as being involved in hundreds of homicides, gun smuggling operations, cocaine and marijuana trafficking and money laundering schemes.

A. ATF's Organized Crime Investigative Approach

All investigations of organized crime by ATF are premised upon violations of this country's firearms, explosives and arson laws. When an investigation discloses an organized crime involvement, every effort is made to identify all individuals involved and all criminal violations being perpetrated. As soon as practical, other agencies having the appropriate jurisdictions are contacted by ATF, usually at the local level, and all pertinent information shared with them. It is ATF's belief that only through cooperation and the full prosecution of organized crime on each chargeable violation can its eventual dissolution be realized. ATF's commitment to this cooperative approach is further attested to by the number of formal and ad hoc task forces it has established and/or participated in across the United States.

In 1980 recognizing that the criminal trends and, therefore, enforcement needs varied markedly between various portions of the country and between rural and urban environments, ATF instituted its Crime Impact Program (CIP). This program charges each first line supervisor with annually assessing the crime trends existing in his area of responsibility and posing programs to combat same. These local assessments and plans are reviewed and melded into District plans by the respective Special Agents in Charge. Similarly, the 22 district's CIPs are reviewed and edited to reflect ATF's national policy at the Headquarters level.

Beginning on the local level, the integral importance of organized crime in the development of an effective CIP is stressed. Thus ATF's national organized crime policy is up-to-date, sensitive to local needs, and harmoniously blends regional perspectives into a viable and effective whole.

ATF's organized crime approach also incorporates special agents assigned as representatives to the Department of Justice Organized Crime and Racketeering Strike Force and Organized Crime Coordinators. In certain instances the Organized Crime Coordinator will also function as the Strike Force representative. The primary responsibility of the Organized Crime Coordinator is to initiate, monitor, and/or coordinate investigations involving organized crime figures whether or not then an active target of a Strike Force. Strike Force Representatives are responsible for the coordination of ATF's participation in Strike Force operations and referral of relevant information developed by ATF to other appropriate agency representatives in the Strike Force.

ATF was also a charter member in the Organized Crime Drug Enforcement Task Force, participating with representation in each of the designated core cities, and Operation Alliance.

B. Federal Firearms and Explosives Laws

ATF recognized several years ago that the violent activities of organized crime organizations, which often involved the use of firearms and explosives, established them as viable targets for ATF's enforcement efforts. These laws are among the most effective tools in attacking the criminal activity of organized crime figures. Weapons and explosives trafficking, which provides revenue and/or protection of territory and business operations, is inherent to most organized crime groups. Included in the Federal Firearms and Explosives Laws are statutes which prohibit the manufacture, possession, and transfer of unregistered gangster-type weapons including sawed-off shotguns and machineguns. Destructive devices such as grenades, anti-tank rockets, and homemade bombs are also included in these statutes. Since 1972, through utilization of the laws mentioned above and cooperation with State and local law enforcement agencies, ATF has obtained convictions of several hundred organized crime members and their associates.

C. The Racketeer Influence And Corrupt Organizations Statute

Prior to the enactment of the Racketeer Influence and Corrupt Organizations Statute (RICO), no criminal law enabled the successful investigation and eradication of

criminal organizations engaged in illegal economic activity as an entity. Historically criminal law was narrowly interpreted to reach specific types of individual conduct; courts and juries were not often permitted to view or hear proof of the diversity and multiplicity of illegal activities with which a criminal organization might be involved. The RICO statute has allowed the addition of a significant weapon against organized criminals--the attack on the organization, the enterprise, or that pattern of criminal activity which is at the core of the effort of associated individuals to acquire power and profit. Simply stated, this statute allows law enforcement to hit professional and organized crime in the pocketbook. The criminal and civil tools provided by Title 18, United States Code, Sections 1961-1968 have given impetus to imaginative prosecutions and the development of quality cases by ATF.

D. The Comprehensive Crime Control Act

Another valuable asset recently acquired in combatting crime perpetrated by the organized crime groups was the passage of the Comprehensive Crime Control Act (CCCA) of 1984. The CCCA is an attempt by Congress to target organized criminal activity and "professional" criminals.

Chapter 18 of the CCCA enacted the Armed Career Criminal Act of 1984. This Act places heavy penalties on certain three time convicted felons found in possession of firearms. If a defendant who is convicted of this offense has three prior convictions (State or Federal) for robbery or burglary or both, the amended statute provides mandatory imprisonment of not less than 15 years and a discretionary fine of up to $25,000. Under this Act, Congress has also curtailed the use of probation, suspended sentence, and lenient application of parole.

Additionally, the CCCA amended Title 18 U.S.C. Section 924 (c), providing mandatory penalties for carrying or using a firearm during the commission of a Federal crime of violence. The mandatory penalties for first offenders is 5 years imprisonment. Each subsequent offense carries a mandatory sentence of 10 years imprisonment with no option for probation or suspended sentencing, parole or concurrent sentencing with the sentence for that of the predicate crime.

The CCCA also mandated enhanced punishment for persons who commit crimes of violence while carrying a handgun loaded with armor-piercing ammunition. This law applies only when a handgun loaded with armor piercing ammunition is carried or otherwise used during, and in relation to, a crime of violence. This provision of the law provides for a mandatory

term of at least 5 years imprisonment. It also mandates that the defendant is not eligible for suspended sentence, probation or parole, and that the sentence cannot be served concurrently with any other sentence including a sentence for the underlying crime of violence.

E. Major Organized Crime Investigations

Presented below are summaries of significant ATF organized crime investigations. The investigations involve the complete spectrum of organized criminal organizations and present an overview of ATF's diverse jurisdictions with regard to organized crime enforcement and the criminal cases that have been perfected against organized crime figures. The investigations are categorized into three areas; La Cosa Nostra, Outlaw Motorcycle Gangs, and Street Gangs and Ethnic Organized Crime Groups.

SIGNIFICANT CASES
LCN

James Gaudio
Dennis McKiness
2705 1280 3003Z
Chicago District

This investigation was initiated in December 1980, when ATF received information that a large gun store in suburban Chicago, Illinois, was fencing stolen firearms. As the investigation progressed, it was determined that a three state burglary ring was fencing firearms and other stolen merchandise through James Gaudio, a high-ranking Chicago organized crime figure. Gaudio was, in turn, fencing these firearms to the suburban Chicago gun store, which was owned by a Cook County Deputy Sheriff. The gun store owner would either falsify his records or sell the firearms without recording them in his records. Several of the identified burglars admitted to the thefts of hundreds of firearms and their subsequent transfer to James Gaudio. In all, 320 firearms were traced back to Gaudio.

On October 18, 1982, Gaudio was found guilty of conspiracy, illegally dealing in firearms, and receipt and storage of stolen firearms. Prior to the end of the trial, Dennis McKiness, also an organized crime figure and associate of Gaudio, pled guilty to these and other charges.

Danny Bambulas, et al.
33116-85-2543K
Chicago District

On August 20, 1985, ATF arrested Danny Bambulas in Chicago, Illinois, for Federal firearms and narcotics conspiracy violations. Bambulas was a high-ranking soldier in the Joe Lombardo LCN family of Chicago and also a Drug Enforcement Administration (DEA) Class I trafficker. He was also a felon on special parole until 1996.

An ATF undercover agent had received a handgun directly from Bambulas in connection with a planned armed robbery of the Jewelry Exchange Building in Chicago. The robbery planning included the ATF undercover agent, Bambulas, Edward Pedote and Michael Swiatek. As part of the preparation for the robbery, the ATF agent received two handguns, a sawed-off shotgun, a carbine, and four silencers from Pedote. Pedote was the owner of a jewelry store and is a soldier of the Lombardo family. He was also a Police Commissioner for Hillside, Illinois. Swiatek was identified as a Lieutenant in the Lombardo family and acting boss while Joe Lombardo was incarcerated. In addition, Swiatek supplied the ATF agent with three bombs for use in other robberies.

Additionally, a narcotics charge was brought against Bambulas as a result of his directing an Emil Crovedi to sell 3 ounces of cocaine to the ATF undercover agent. Bambulas was

a large dealer of cocaine dealing in kilo quantities. His source was Vito Lombardo, a significant DEA cocaine target in Miami, Florida. In connection with the cocaine sale, Crovedi, a special parolee until 1999, sold a silenced handgun to the ATF agent.

This undercover operation also included ATF's purchase of a stolen car, a sawed-off shotgun and three handguns from Keith Sass and Ken Kaenel, operators of a "chop shop" and associates of the Lombardo family. The ATF agent also was introduced to Kenneth Curtis and Al Solis, not known as LCN associates but who sold him a silenced machinegun.

Douglas Aldridge, Capo of the Al Tocco LCN family of Chicago Heights, Illinois, gave the ATF agent two handguns, a shotgun, and a rifle for another unrelated robbery. Aldridge was a felon and had also sold the ATF agent three ounces of cocaine.

After Bambulas' arrest, he was given the opportunity to cooperate with ATF but he declined. Once he refused to act as an ATF informer on LCN activity, additional arrest and search warrants were executed with the assistance of the Chicago Police Department, DEA, and the Illinois Division of Criminal Investigation.

Michaels Bombing
5000-0881-0502N
E-5081-5
St. Louis District

On December 3, 1982, James Anthony Michaels III, grandson of the late "Jimmy" Michaels (reputed head of the Syrian faction of organized crime in St. Louis), was sentenced in U.S. District Court, St. Louis, Missouri, to 5 years imprisonment for conspiracy to bomb. Michaels was the first organized crime figure to be convicted for bombings in the St. Louis area. The sentencing resulted from Michaels' guilty plea for the revenge car bombing of Paul Leisure, who allegedly was responsible for the death of James Michaels, Sr.

Anderson Bombing
3704-0578-0505M
Kansas City

On May 22, 1978, a luxury automobile belonging to Gregory Jack Anderson was destroyed by a destructive device while parked in the parking lot of a lounge in Kansas City, Kansas. Following a lengthy investigation by ATF; the FBI; and the Kansas City, Missouri, and Kansas City, Kansas, Police Departments, Arthur Eugene Shepherd was charged with the bombing.

Shepherd, an organized crime figure in the Kansas City area, had a lengthy felony arrest record, but had never been convicted.

On April 5, 1982, Shepherd was found guilty by a jury of conspiracy (Count 1) and transporting a destructive device in interstate commerce (Count 11). Shepherd was sentenced on June 7, 1982, to serve 5 years imprisonment on Count 1, and 10 years imprisonment on Count 11, the sentences to run concurrently.

Marvin Steinberg
2705-0881-3003Y
Chicago District

On August 4, 1981, Marvin Steinberg, a felon, illegally sold to ATF undercover agents 39 sticks of Tovex, a high explosive, and 20 electric blasting caps. After the initial sale of the explosives by Steinberg, additional sales of explosives or Title II firearms failed to materialize as promised.

Marvin Steinberg was a major drug dealer named by DEA as a "Class I" violator. He was an associate of several organized crime figures in Chicago, including the late Nick De Andre, who was shot and killed during an undercover buy/bust with DEA.

Steinberg's alleged drug empire extended to Florida, where he owned a large home, and throughout the Midwest. Steinberg had recently been arrested by DEA in Chicago in possession of of several kilos of cocaine and over $90,000 in cash.

On June 13, 1983, Steinberg appeared before Federal Judge George N. Layton and pled guilty to Count 1 (felon in possession of a firearm), and Count 2 (illegal storage of explosives), of a multi-count indictment.

On July 29, 1983, Judge Layout sentenced Steinberg to 2 years probation.

Jack Gail, et al.
33116-85-2533H
Chicago District

This investigation pertained to a conspiracy to manufacture and sell silencers by six individuals in Miami, Florida, and Chicago, Illinois. During this investigation, 3 silencers with firearms were sold and an attempt made to transfer 15 additional silencers and 2 machineguns. The investigation was initiated from information received from an informant in Miami, Florida. The six co-conspirators in Miami and Chicago, were all known organized crime subjects, and two of the defendants (Jack Gail and Frank Ammirato) were high ranking organized crime subjects.

The first undercover contact was made with Jack Gail in Chicago, Illinois. One handgun with silencer was purchased. Subsequent investigation revealed that the firearm was one of 162 stolen firearms from a Wisconsin gun dealer. The

introduction of the undercover agents was made by Frank Ammirato, a high-ranking organized crime figure from Miami, Florida, who flew from Miami to Chicago for the meeting and was part of the initial sale.

The silencers were sent to the ATF Laboratory, along with the Sam Giancana and Allen Dorfman murder weapons. (Sam Giancana and Allen Dorfman were top Chicago organized crime figures who were murdered in Chicago with a .22 caliber handgun with a silencer attached.) The firearms used in these murders were recovered, but the murders were not solved. These silencers were found to be similar to others used throughout the country in organized crime murders. The lab indicated that both weapons were most likely made by the same machinist. Other silencers purchased during this investigation were found to be similar in construction to the Giancana murder weapon and other recovered murder weapons.

An undercover trade of 10,000 Quaaludes and cash for 15 silencers was made in Chicago. When Jack Gail met with the undercover agents to complete the trade, he was arrested. Three other defendants were arrested in Miami, Florida. All but one of the defendants were found guilty. The defendants received sentences of from 5 to 25 years imprisonment.

Richard Medeja, et al.
33116-83-2503Y
Chicago District

This case dealt with the manufacturer of the silencers referred to in the aforementioned Gail case. As a result of information developed in the Gail case, Richard Medeja, along with his silencer manufacturing operation, was located. Medeja was arrested, convicted, and sentenced to 4 years imprisonment.

Medeja admitted to making numerous silencers through the years, and stated that he may have made the Giancana and Dorfman murder weapons referred to in the previous case.

The .22 caliber handgun with silencer had been utilized in numerous organized crime murders throughout the country. Several murder weapons were recovered and compared with those manufactured by Medeja and found to be almost identical. Besides Medeja's admission that he may have made several of the murder weapons, a favorable (but not conclusive) ballistics comparison was made with two murder weapons and expended rounds removed from a support beam in Medeja's basement. Medeja would test fire all the silencers he made into this beam.

Gerald Scarpelli
2700-0680-1000F
Chicago District

On January 5, 1983, a Federal grand jury in the Northern Judicial District of Illinois, indicted Gerald Scarpelli, a convicted felon and alleged organized crime enforcer and hitman, for unlawfully possessing a firearm.

Scarpelli's indictment was based on information developed by various agencies assigned to the Chicago Strike Force, and more specifically, on evidence developed on January 10, 1981, at Scarpelli's home in Evergreen Park, Illinois. On this date, four local police officers and two FBI special agents went to Scarpelli's residence to question him about a recent home invasion violation. When they arrived at Scarpelli's residence, two officers went to the rear of the residence while the other officers went to the front and knocked on the door. Shortly after the officers knocked on the door, the two officers at the rear of the residence saw Scarpelli throw a .45 caliber pistol out of his residence.

The firearm was recovered, traced, and subsequently found to have been stolen from a guard during an armored car robbery on February 12, 1980.

Several law enforcement agencies, including the Chicago Task Force, the FBI, the Illinois State Attorney's Office, the

Illinois Department of Law Enforcement, the Chicago Police Department's Intelligence Division, and ATF have cooperated in the investigation.

Ernest A. Biondillo, Jr.
2505-0280-2006E
Cleveland District

During the period of July 1978 through October 1980, Biondillo, after having been convicted of a felony, purchased eight firearms from a Federal firearms licensee. Biondillo was a principal associate of the organized crime faction operating in the Youngstown, Ohio, area.

On January 19, 1983, Biondillo pled guilty to six counts of an eight-count, firearms-related indictment and was immediately sentenced to 3 years imprisonment, fined $6,000, and placed on 5 years probation (to begin upon his release from prison).

Alvin R. Campbell
2421-1282-1001S
Boston District

On March 15, 1983, Alvin R. Campbell was sentenced in Federal district court to a total of 15 1/2 years imprisonment for a variety of ATF Title I, II, and VII charges, as well as one count of DEA possession and distribution of cocaine charge.

In a related matter, Campbell was sentenced to 6 months for contempt of court after failing to provide ATF with a handwriting exemplary, as ordered by the court (sentences to run consecutively).

Campbell was considered by the Boston Strike Force Attorney to be a major organized crime figure. Campbell, who was on Federal parole until 1990, received an additional 5 years parole to be served upon completion of the aforementioned cocaine sentencing. Campbell had previously been convicted for seven felonies.

Lawrence Thomas Tadom
Paul Alexander Deluca
63461-83-3524X
Philadelphia District

On March 12, 1984, agents of the Pittsburgh ATF Office arrested Lawrence Thomas Tadom and Paul Alexander Deluca for firearms violations and conspiracy.

This arrest culminated a 9-month undercover investigation in which an ATF undercover agent with a confidential informant successfully infiltrated a segment of the John LaRocca organized crime family in Pittsburgh. The undercover agent acquired firearms and a silencer which were intended to be used in a robbery and murder in Canada. The defendants stated they used one of the firearms and silencers for the same purpose in this country.

On June 21, 1984, Lawrence Tadom was convicted in jury trial in U.S. District Court, Pittsburgh, Pennsylvania, for possession of a firearm by a convicted felon. The charges arose from Tadom's sale of a firearm to an ATF undercover agent for use in an alleged robbery and killing. Tadom faced additional charges for transfer of a sawed-off rifle and silencer to the same undercover agent.

Tadom, a former professional heavyweight boxer, is reputed to be a "hit-man" for alleged Pittsburgh organized crime figure Nicholas Delucia. Tadom was a suspect in several Pittsburgh area organized crime related killings.

Samuel A. La Bruzzo
53440-84-2535R
New Orleans District

On July 24, 1984, Samuel A. La Bruzzo, a convicted felon and organized crime figure, was indicted and arrested for felony firearms charges. La Bruzzo had been convicted for obstruction of justice and previously arrested for extortion, fraud, and racketeering violations. He was known to be a bodyguard, strong-arm man, and close associate of Mafia boss Carlos Marcello.

La Bruzzo was arrested on June 20, 1984, by the Jefferson Parish Louisiana Sheriff's Office in possession of a stolen automobile and a .38 caliber revolver, on which ATF subsequently initiated an investigation.

La Bruzzo was indicted by a Federal grand jury for violations of 18 U.S.C. Section 1202(a)(1); and learning of the issuance of a bench warrant for his arrest, LaBruzzo surrendered himself to the ATF, New Orleans District Office, on July 24, 1984.

Alberto Ficalora
63700-83-0007L
Philadelphia District

Ficalora had been closely associated with Frank Monte in the pizza business. Monte and Ficalora were identified as close associates to various organized crime members of the Bonanno and Gambino organized crime families in New York and Italy. Ficalora and Monte were also linked through reliable sources to the following organized crime members:

Francisco Navarra - soldier in the Bonanno family, as well as the chauffeur for Joseph Buccellato who is the "consigliere" for the Bonanno family.

Anthony Fiordillino - soldier in the Bonanno family and brother to Giovanni Fiordillino, alleged "capo" in the Bonanno family.

Anthony Napolatano - "capo" in the Gambino family.

Ficalora appeared to be a front for organized crime operations of the pizza shop industry and the cheese industry. Beginning in 1975, Ficalora opened numerous pizza shops in the Philadelphia, Pennsylvania, area. Subsequent to Ficalora's opening of a pizza shop in a town, his competition in that particular town would either be threatened out-of-business or burnt out-of-business.

Up to his arrest in the instant case, Ficalora's business had two pizza parlors burned by arson in the New York area and two in the Philadelphia area. One of the fires in Philadelphia resulted in the death of the two arsonists who had ties to the Gambino organized crime family.

This instant investigation resulted from the illegal purchase of two firearms by Ficalora. Ficalora was a two-time convicted felon. He purchased two firearms from Federally licensed dealers and falsely stated on the required form that he had not been convicted of any felonies. Ficalora was also an illegal alien in this country (born in Sicily).

In October 1982, a Federal search warrant was executed at Ficalora's residence and numerous firearms were recovered. One of these firearms was stolen.

Ficalora was indicted by the Strike Force for five counts of violations of the Gun Control Act. On September 23, 1983, Ficalora was found guilty on all counts. Subsequently, Ficalora was sentenced to 5 years in prison.

Rocco Filipino
2705-0480-3006S
Chicago District

This investigation involved a DEA Class violator, Rocco Filipino, an alleged member of organized crime in Chicago. Filipino had an extensive criminal arrest record including batteries, firearms violations, and narcotics trafficking and possession violations. Filipino also had the reputation as a "hit-man" for the Chicago organized crime family and was believed to traffic in pound quantities of cocaine.

On April 24, 1980, during a traffic stop, Filipino was found to be in possession of a converted, fully automatic MAC-10 machinegun, a 9mm handgun and 2 ounces of cocaine. This arrest and seizure was effected by the Buffalo Grove, Illinois, Police Department and subsequently brought into Federal court by ATF.

On July 8, 1981, a Federal search warrant was served on Filipino's residence and resulted in the seizure of a handgun by ATF agents. A quantity of cocaine was also seized by DEA at that time.

On July 10, 1981, a Federal arrest warrant was executed upon Filipino as a result of his possession of the firearm on July 8, 1981. At the time of his arrest he was in possession of a Beretta 6.35mm semiautomatic pistol.

On April 9, 1982, subsequent to a bench trial in District Court, Chicago, Illinois, Filipino was found guilty of narcotics possession, possession of firearms by a convicted felon, and possession of a machinegun. District Court Judge Shadur sentenced Filipino to 4 years incarceration and fined him a total of $20,000. Filipino was also sentenced to an additional 5 years probation, to begin at the expiration of his active prison sentence.

Charles Thomas Indovino
Christopher Peliera
63120 85 1590 S
New York District

On May 20, 1987, Charles Indovino and Christopher Peliera were indicted by the U.S. grand jury, Rochester, New York, for possession of a destructive device and counterfeiting. Indovino and Peliera had conspired with Joseph Margiotta and John Quinn in the July 1985 attempted murder of Joseph DiBattisto using a remote controlled bomb. Margiotta pled guilty to this crime.

Indovino was an important organized crime figure in the Rochester area, involved in loan sharking, gambling, and murder-for-hire.

The U.S. Secret Service actively participated in this investigation with ATF.

Burton Gorelick
33730 84 0007 M
Louisville District

On February 26, 1987, in U.S. District Court, Indianapolis, Indiana, Burton Gorelick pled guilty to one count of violating the RICO statute. Gorelick was associated with one of the largest distributors of pornographic material in the world.

As part of the plea agreement, Gorelick was to cooperate with the Government and testify against the distributor and two others. Gorelick forfeited two adult entertainment businesses which generated $2 million in income, much of which was unreported.

The guilty plea stemmed from a joint investigation by ATF, FBI, IRS, U.S. Customs Service, and the Indianapolis Police Department into a pattern of racketeering activity by Gorelick since 1976. The investigation originated with the activation of an ATF National Response Team to the January 1984 arson of an adult entertainment complex known as World

Video Systems, Inc., in Indianapolis. Federal search warrants executed in determining the origin and cause of the fire tied World Video Systems, Inc., and its owner, Gorelick, to a major pornography organization.

This organization consisted of over 100 businesses across the country which specialized in every facet of pornography, including live nude entertainment, book stores, theaters, drive-ins, adult novelties, and sexual aids. These activities were furthered by a variety of illegal enterprises including arson, income tax evasion, insurance fraud, and money laundering of narcotics proceeds. Its leader had direct ties to organized crime families in New Jersey and Michigan.

Subsequent to the fire, ATF obtained probable cause to search the pornography distributors (Mohney) headquarters in Durand, Michigan. Execution of these warrants resulted in the seizure of approximately $650,000 in cash, silver bullion and jewelry, and over 1 million documents. Eventually, $416,000 in cash was forfeited to the Government through the IRS.

Randolph Barsotti
93900-85-0032U
San Francisco District

On March 21, 1985, ATF and other agents of the San Francisco Organized Crime Drug Enforcement Task Force (OCDETF) executed a Federal search warrant at the estate of Randoph Barsotti.

The search warrant was issued for firearms, ammunition, and financial and business records. ATF seized 2 firearms and 500 rounds of ammunition.

Barsotti had previously been convicted of trafficking in cocaine. He had been targeted in a larger drug task force investigation of the Maurtua Ledgard cocaine importation cartel. This investigation had resulted in the task force arrests of 60 persons earlier in March 1985.

Barsotti was alleged to be among the top five cocaine distributors on the West Coast.

Michael J. Swiatek
33116-84-2543K
Chicago District

Michael Swiatek (age 50) had been identified by a U.S. Senate subcommittee as a major figure in Chicago organized crime. He was known to be operating the Lombardo Family since Lombardo was convicted and incarcerated. Over a 16-month period, ATF undercover agents made numerous buys of firearms, silencers, sawed-off shotguns, and bombs from Swiatek and his associates.

On February 27, 1986, Swiatek was sentenced to a total of 20 years imprisonment for dealing in firearms, dealing in explosives, and possessing firearms and explosives while being a felon.

Peter Arvanitis
33117 85 3033 N
Chicago District

On July 13, 1987, a Federal grand jury in Chicago returned a 28-count indictment against Peter Arvanitis and 10 associates for violations of the Federal statutes involving arson, conspiracy, RICO, extortion, aiding and abetting, and use of a firearm in a felony. The heart of the indictment was a RICO charge against four of the suspects who are members of a Greek criminal organization, including its leader, Arvanitis. All 11 suspects were arrested without incident on July 14, 1987.

The indictments were the culmination of a 4-year investigation by ATF and the Chicago Police Department Bomb and Arson Squad. The investigation involved five restaurant arsons, the use of extortion to acquire three additional businesses, and the recovery of explosives and incendiary device components similar to those used in an arson of a restaurant in Elk Grove Village, Illinois.

The investigation uncovered evidence of other criminal acts by members of this organization in Chicago, Illinois; Los Angeles, California; Toronto, Canada; and Pareaus, Greece.

On July 17, 1987, Peter Arvanitis, Periklis Panagiotaros, Peter Leventopoulos, and Robert Richards appeared in U.S. District Court, Chicago, Illinois. The defendants were ordered to be held in custody pending their arraignment on arson, extortion, and RICO charges.

The four defendants along with six others, had been arrested on July 14, 1987, and charged in a 28-count indictment. The four defendants were allegedly part of a Greek criminal organization involved in arson fraud in the United States, Canada, and Greece.

An additional defendant, Peter Gaitanis, was in Greece at the time of the indictments and arrangements were made for Gaitanis to return to the United States and surrender to ATF.

Joseph J. Boutross
33320 84 1564 V
Kansas District

On January 9, 1987, in U.S. District Court, Kansas City, Missouri, Joseph J. Boutross pled guilty to one count of bank fraud and nolo contender to one count of mail fraud. These charges stemmed from an arson of a rental property that occurred on December 29, 1983. The loss was estimated at $300,000.

Boutross was rejected as a principal member of the Civella organization in Kansas City. This was his third felony conviction.

Robert Richards
33117 85 3033 N
Chicago District

On May 15, 1986, Robert Richards, aka Joseph Moretti, was arrested in Chicago, Illinois, by ATF agents and Chicago Police Bomb and Arson Squad detectives. The arrest stemmed from the September 18, 1984, seizure of components from destructive devices and a firearm from Richards' vehicle in a routine stop by Chicago police.

This arrest was part of a complex investigation of several arsons of Greek businesses in Chicago and Portland, Oregon. The arrest of Richards was necessitated after information was developed that Richards had components in his possession to manufacture additional devices. The investigation involved several individuals, including the head of the Greek organized crime syndicate in Chicago.

Richards was a previously convicted felon and had arrests for assault, burglary, kidnapping, aggravated battery, and attempted burglary.

Raed "Brian" Sweiss
Shaker "David" Sweiss
33117 85 3035 L

On April 15, 1986, in U.S. District Court, Chicago, Illinois, Brian and David Sweiss were sentenced for their part in a conspiracy to burn the Ziad Certified Grocery located in Chicago. Brian Sweiss was sentenced to 8 years imprisonment followed by 5 years probation. David Sweiss was sentenced to 6 months imprisonment followed by 5 years probation. Four associates, who attempted on three separate occasions to commit the actual arson, were sentenced at a later date.

Prior to trial, Brian Sweiss had been incarcerated at the Chicago Metropolitan Correctional Center and while there, he solicited a convicted murderer to kill the witnesses who were to testify against him.

The Sweisses are part of the largest and most powerful Arab family in Chicago. After Brian Sweiss' incarceration and the conviction of his uncle, Musa Sweiss, in late 1985, a dramatic decline in arson incidents involving Arabs in Chicago was noted.

This was a joint ATF/Chicago Police Bomb and Arson Section investigation.

Peter A. Tocco
33222 86 2532 M
St. Louis District

On October 10, 1986, in U.S. District Court, St. Louis, Missouri, Peter A. Tocco, an organized crime associate, was sentenced to 5 years imprisonment and a probation term. Tocco had earlier pled guilty to arson and income tax violations.

In July 1986, a Federal grand jury in St. Louis indicted Peter Tocco and his son, Anthony P. Tocco, on three counts of income tax violations. Peter Tocco was also indicted on one count of arson, stemming from his role in the April 1986 arson of his business, the MTL Frozen Food Company. ATF and the St. Louis Fire and Police Departments conducted the investigation.

Anthony Leisure
David Leisure
33200 83 0004 Y
St. Louis District

On May 22, 1987, Anthony Leisure was found guilty of capital murder after a 2-week trial in the Circuit Court of the City of St. Louis. Leisure was convicted of the automobile bombing death of James Anthony Michaels, Sr., in September 1980. The death of Michaels touched off an underworld struggle for control of the St. Louis labor unions which resulted in four deaths and three serious injuries.

On May 22, 1987, shortly after the verdict, arguments were heard regarding the imposition of the death sentence. After several hours of deliberation, the jury assessed the penalty at life in prison with a minimum of 50 years before parole eligibility.

Earlier that date, David Leisure had been formally sentenced to death in the murder of Michaels, Sr.. David Leisure is the cousin of Anthony Leisure and was found guilty of capital murder on April 7, 1987, in the Circuit Court of the City of St. Louis. David, Anthony, and Paul Leisure and three other defendants were convicted in 1985 of RICO, RICO conspiracy, obstruction of justice, and related bombing charges in relation to the above cases.

Dominic J. Taddeo
63120-86-1567 N
New York District

On February 11, 1987, defendant Dominic Taddeo, a reputed OC leader of the Valenti Family in Rochester, New York, was arrested by ATF agents and officers of the Rochester Police Department. The arrest was made pursuant to an indictment charging Taddeo with possession of firearms by a convicted felon and conspiracy.

This arrest is part of an ongoing Strike Force investigation concerning four organized crime related murders in Monroe County, Rochester, New York. In addition to the arrest, a

Federal search warrant was executed on a 1987 Lincoln Town car that was operated by Taddeo. The search resulted in the seizure of four firearms, including a sawed-off shotgun and a quantity of ammunition. Some of the firearms recovered matched the description of the murder weapons.

Significant Cases
Outlaw Motorcycle Gangs

Clifford Park Workman
7061-0583-0001N
Boston District

On September 27, 1983, ATF special agents assigned to the Boston District Presidential Drug Task Force obtained and executed a Federal search warrant at the residence of Clifford Park Workman, felon and "retired member" of the Hell's Angels motorcycle club. Seized at this time were 26 Title I firearms and related evidence implicating a second suspect who was then an active member.

The search warrants culminated a 2-year investigation by the ATF Boston District Office into illegal activities by the local Hell's Angels chapter. The information of the illegal possession of the firearms was discovered during a surveillance conducted by ATF and FBI special agents assigned to the Task Force.

Workman, although technically a retired member, remains active in the assistance he provides to the club. This is quite evident by the quantity of firearms he was storing for

club purposes. It also should be noted that Workman was one of the original "Filthy Few" of the Oakland, California, chapter and a Federally licensed firearms dealer. His firearms license was revoked by ATF after his felony conviction.

Adam Ø. Fisher
53500-84-0014V
Houston District

On September 12, 1984, Adam Otis Fisher, National Sergeant at Arms to the Bandido Motorcycle Gang, was convicted in U.S. District Court, Corpus Christi, Texas, for Federal firearms charges. Fisher, a previously convicted felon for narcotics trafficking violations, was found in possession of five firearms incidental to the execution of a Federal search warrant on May 10, 1984. The investigation was initiated by the Gulf Coast Drug Task Force along with ATF investigators from the Houston District Office; participants included the FBI and the Corpus Christi Police Department.

Billy Dave Coker, et al.
3907-1181-0007W
Los Angeles District

On September 28, 1982, 27 State search warrants were executed in the Phoenix, Arizona, area by ATF, the Phoenix Police Department and the Arizona Department of Public Safety in connection with an ongoing joint narcotics and firearms

investigation aimed at outlaw motorcycle gang members and associates. There were 119 firearms, including 3 silencers and 2 sawed-off shotguns, seized. Many of these firearms were found in the possession of convicted felons.

Paul Seydel
Michael Carrol
Michael Jewell
Hell's Angels Motorcycle Gang
33471-84-4022N
St. Paul District

On April 12, 1984, agents and officers of the Minneapolis DEA Drug Task Force executed five State search warrants directed at members and locations of the Hell's Angels motorcycle gang, and seized two sawed-off shotguns and a rifle.

The aforementioned search warrants were predicated upon the surveillance and "buy/bust" of Paul Seydel, in possession of 20 pounds of marijuana and carrying a loaded 9mm pistol during the commission of the transaction. Michael Jewell was also arrested during the "buy/bust" in possession of two loaded handguns on his person. Michael Carrol was also arrested in this matter, and the chapter financial records were seized.

Paul Seydel was the vice president of the Minnesota chapter of the Hell's Angels, and had been recently convicted of a felony in February of 1984. Michael Carrol was the chapter treasurer. Michael Jewell was convicted of murder in 1971,

and prior to these events sold six stolen firearms which had been recently stolen during the course of an armed robbery from a Minneapolis Federal firearms licensee.

Joseph Dale Perron
63541-84-2114L
Washington District

As a result of an undercover investigation involving members of the Phantom Motorcycle Gang, Federal arrest and search warrants were obtained and executed at the residence of Joseph Dale Perron, Fort Washington, Maryland, on October 25, 1984. Perron was past president and secretary of the Phantoms.

Information was developed that Perron maintained the Phantom's stash of weapons at his residence. Pursuant to execution of the search warrant, 14 handguns, 23 long guns and ammunition were seized. Assorted bludgeons, knives, and brass knuckles were left on the premises after Prince George's Police determined their simple possession was not a violation.

Bill Henry Fambrough
33745-85-4019J
Louisville District

In the fall of 1982, under the auspices of the law enforcement coordinating committee and the U.S. Attorney for the Western Judicial District of Kentucky, an interagency

Outlaw Motorcycle Gang Task Force (OMO) was formed with ATF as the lead Federal agency.

The hierarchy and members of the Louisville chapter of the "Outlaws" were designed as the prime targets of this interagency task force. From the latter part of 1982 to October of 1984, two successive chapter presidents were convicted on Federal firearms charges.

Beginning July 1, 1984, the OMO Task Force, in conjunction with the Organized Crime Drug Enforcement Task Force (OCDETF), purchased large quantities of methaqualone, methamphetamine, cocaine, and other controlled substances from Bill Henry Fambrough, the president of the Louisville chapter of the Outlaws who was acting in concert with Fred Adams, Jr., aka "Big Fred," past national president of the Grim Reapers Motorcycle Gang, and Richard Arthur Kremer, aka "Mandotta," a member of the Chattanooga, Tennessee, Outlaws chapter.

On several occasions when Fambrough was contacted by the undercover agent, firearms were discussed. It was evident that Fambrough (a felon) was currently in possession of one or more firearms.

The investigation ended on February 13, 1985, with Fambrough's arrest and the execution of Federal search warrants for two locations where he had been staying intermittently. As a result of the searches, eight handguns known to belong to Fambrough were seized by ATF.

On April 19, 1985, Fambrough entered a plea of guilty to an indictment charging conspiracy and substantive counts of trafficking in dangerous drugs in the U.S. District Court, Louisville, Kentucky. At the same time, Fambrough also pled guilty to two informations filed by the U.S. Attorney for trafficking in dangerous drugs and felon in possession of a firearm.

The defendant was sentenced to serve a total of 47 years concurrent with all charges resulting in an actual sentence of 12 years.

Alvin Hegge
Scott Howard
92900-84-0004H
Seattle District

On May 20, 1985, Alvin Hegge and Scott Howard were arrested in Madison, Wisconsin, by the ATF led OCDETF headquartered in the ATF Seattle District Office. These arrests culminated a 21-month long investigation of the nefarious criminal activities of the Ghost Rider Motorcycle Gang based in Spokane, Washington.

Hegge was arrested on second degree murder charges. Hegge and Howard were also arrested for the interstate transportation of firearms to commit a felony.

Hegge's arrest stemmed from his participation in the July 1983 murder of a Spokane police detective, which occurred during a botched extortion attempt to sell 80 stolen firearms. The firearms were previously taken in an armed robbery.

Hegge and Howard were also charged for their participation in a conspiracy involving seven others, in which a narcotics dealer was robbed of cocaine and a quarter million dollars. During this conspiracy, they unlawfully transported firearms in interstate commerce to commit a felony.

Hegge was the national president of the Ghost Rider Motorcycle Gang and Howard was a member of the same outlaw gang.

James Cheatham
Jose Talamantes
Steven Barbour
Ira Turner
53500-85-0010Y
53500-85-0018P
53500-85-0019N
53500-85-0022Z
Houston District

On May 24, 1985, the above described members of the Bandido's Outlaw Motorcycle Gang were sentenced in U.S. District Court, Corpus Christi, Texas. The investigation was a result of an

OCDETF nationwide arrest effort made on February 21, 1985, and involved the FBI, DEA, and ATF. A total of 24 firearms were seized from the 4 suspects at the time of their arrests, all at different locations.

All four defendants were convicted felons or had lengthy arrest records and all were charged with narcotics distribution and/or unlawful firearms possession charges. Turner and Cheatham were convicted of narcotics violations based upon the undercover purchases of narcotics by ATF agents and received 3 year prison sentences.

Talamantes, the Bandido's chapter president and a felon previously convicted of smuggling aliens, of narcotics trafficking, and of an ATF Title VII firearms violation, received a 3 year prison sentence for the new ATF firearms charges.

Barbour, previously convicted of homicide, received a 2 year prison sentence for the ATF firearms violations.

Albert Jeavons
James Anderson
Samuel Hutzler
Jerry Oaks
William Wade
Charles White
2204-0479-1508F
Houston District

The above individuals were all active members of the Hell's Angels with Jeavons as the main defendant in this case. A 25-count indictment was returned charging the above subjects

with felon in possession of firearms; possession of stolen firearms; possession, manufacturing and dealing in NFA (Title II) firearms; and conspiracy. As a result of this investigation, 13 stolen firearms were recovered (purchased undercover) and 9 Title I carbine rifles were converted to NFA firearms (Title II), and sold to undercover agents. Four of the six defendants were convicted and sentenced as follows:

| | |
|---|---|
| Albert Jeavons | 5 years confinement |
| James Anderson | 2 years confinement |
| Jerry Oaks | 5 years probation |
| Charles White | 3 years confinement |

Louisville District
Indianapolis Post of Duty

The Outlaws Motorcycle Club and the Sons of Silence Motorcycle Club both have chapters in Indianapolis, Indiana. They are involved in narcotics dealing, prostitution, burglaries, and illegal weapons possession. A task force investigation involving ATF, the Indiana State Police, and the Indianapolis Police Department resulted in the following cases:

Pogue, et al.
33730-84-2510L.

This investigation was part of the Outlaw Motorcycle Gang Task Force directed at members and associates of the Outlaws Motorcycle Club. It involved undercover buys and the execution of a Federal search warrant resulting in charges

against Euwell Poque (for the receipt and possession of a firearm by a felon); Joseph Johnson (dealing in firearms without a license); Charles Cavendish (sale of narcotics, receiving stolen goods, and habitual offender (State court)); Dennis Schaffer (receiving stolen goods (State court)); and Maryland Mays (receiving stolen goods (State court)).

Daryl Sturges
33730-83-2509Y

This case involved the receipt and possession of firearms by Daryl Sturges, a member of the Sons of Silence Motorcycle Club. He was charged with receipt and possession of firearms by a convicted felon.

Edwin Persinger
33730-83-2540W.

This case involved the possession of firearms by a member of the Outlaws Motorcycle Club and the possession and receipt of firearms of an Outlaws associate. Edwin Persinger was charged with possession of firearms by a convicted felon, and William Pennington was charged with possession and receipt of firearms by a convicted felon.

Howard Miller, et al.
33730-83-2533P

This case involved the straw purchase by two females for Howard Miller, then president of the Indianapolis chapter of

the Sons of Silence Motorcycle Club. Howard Miller was charged with receipt of firearms by a convicted felon, and both Debra Miller and Lura Clarkson were charged with aiding and abetting.

Eric Borcherding
33730-83-2523L

This case involved the undercover purchase of a sawed-off shotgun from Eric Borcherding, a Sons of Silence Motorcycle Gang member. He was charged with the possession and transfer of an unregistered firearm.

Dennis Christian
33730-83-2524K

This case involved the undercover purchase of two sawed-off shotguns from Dennis Christian, a member of the Midnight Riders Motorcycle Club. He was charged with possession of unregistered and illegally manufactured firearms.

Steve Cass
33730-83-2526H

This case involved the undercover purchase of a sawed-off shotgun from Steven Cass, a member of the Sons of Silence Motorcycle Club. He was charged with possession of an unregistered firearm.

Darryl Dagastino
33910-84-1003Y
Detroit District

In November 1983, information was received by ATF which indicated Dagastino was illegally trafficking in firearms and narcotics. Investigation revealed Dagastino had a lengthy record for larceny and burglary. It was also established that Dagastino was an associate with the Devil's Disciples Motorcycle Club.

ATF established surveillances of Dagastino and the Devil's Disciples at various locations. It was established that Dagastino was operating a bar in Detroit. The bar was called "The Happy Landing."

An ATF informant contacted Dagastino at the bar. The informant, accompanied by an undercover ATF agent, purchased two firearms from Dagastino. Another informant was developed and he purchased 35 M-80 type explosives from Dagastino. Arrangements were made with Dagastino to purchase cocaine from him at a later date.

During December 1983, Dagastino and his wife were arrested in Florida as a result of a "reverse" sting. Dagastino had arranged to purchase in excess of 100 pounds of marijuana from a Florida "group." Dagastino had a stolen Corvette and $14,000 to pay for the marijuana. The "group" was a Tallahassee Police Department Task Force.

As a result of the Florida arrest, Dagastino was too scared to sell the cocaine to the informant; however, the firearms transactions continued.

After several weeks of meetings, Dagastino told the informant that he had automatic weapons, explosive devices, and silencers at his residence. He told the informant that he would sell some of these items to him.

Finally, the informant saw an M-16 and several other firearms in Dagastino's residence. Due to the Florida case and Dagastino's hesitancy to sell the cocaine, ATF obtained a Federal search warrant for Dagastino's residence.

The warrant was served on July 24, 1984. As a result of the warrant, a machinegun, a sawed-off shotgun, silencers, and explosives were seized.

Also taken pursuant to the warrant were records indicating narcotics transactions, and receipts for PCP and LSD.

Gary H. Grinker
93350-83-3519J
Seattle District

In June 1983, ATF was advised by the Honolulu Police Department that Gary Grinker allegedly possessed stolen firearms and an illegal firearm. Investigation revealed that Grinker had a prior criminal history which included arrests for rape, receiving stolen goods and possession of narcotics.

Grinker, an associate of the Hell's Angels Motorcycle Club in California, was assisting in making inroads into dealing methamphetamine in Hawaii for the Hell's Angels. A State search warrant executed on Grinker's vehicle revealed a .22 caliber pen gun and a stolen handgun. Grinker was later indicted by a Federal grand jury in Honolulu and arrested by ATF agents in Los Angeles. He pled guilty to the two counts of violating the Federal firearms laws.

Robert W. Maden
93360-84-4005W
Seattle District

In October 1983, ATF initiated a 5-month investigation of violations of Federal firearms laws by Maden. The investigation revealed Maden had purchased firearms while under indictment. Following this discovery, a search warrant was executed on Maden's residence in southern Oregon. Discovered pursuant to the search was a major methamphetamine laboratory complete with invoices of chemical purchases indicating a production of 11 1/2 million dosage units with a wholesale value of $2 million. In addition to the methamphetamine laboratory, the seizure included 39 firearms, 3 of which were machineguns, 1 silencer, 1 silencer kit, 10 drop-in auto sears for AR-15's, 25,000 rounds of ammunition, and $30,000 in cash. Follow-up investigations led to another subject

found to be in possession of three machineguns and also involved in the manufacture of methamphetamines. Subsequent investigations revealed that both subjects were associated with the Hell's Angels Motorcycle Club and it is suspected that the methamphetamine was being manufactured for that organization. In June 1984, Maden pled guilty to one firearms count and one narcotics count.

Ricky Dean Miles
53270 84 5502F
Dallas District Office

Ricky Dean Miles was a Mongols Motorcycle Gang member and dealt heavily in methamphetamines. A State search warrant was obtained for Miles' residence and a stolen MAC-10, .45 ACP machinegun was recovered along with $10,000 in cash, and a large amount of narcotics including methamphetamines, cocaine, and marijuana. Miles was charged with the firearms and narcotics violations and was convicted in Federal court. He was sentenced to 25 years in custody.

John DeFrank
Louis Giambi
63420 83 1524D
Philadelphia District Office

On October 7, 1982, a raid and subsequent investigation resulted in the seizure of grenades, firearms, an anti-tank weapon, and large quantities of narcotics. Arrested were John DeFrank, a DEA Class I violator, member of the Pagan

Motorcycle Gang Mother Club and founder of the Pagan's South New Jersey Chapter; Louis Giambi, an associate of the Bruno/Testa Organized Crime Family; and Suzanne Carlucci, a major distributor of narcotics and listed as a DEA Class I violator. All three of these defendants were subjects of previous ATF investigations.

On April 29, 1983, the suspects pled guilty to charges of illegal possession of firearms and possession of methamphetamines, and on May 20, 1983, were sentenced to a minimum of 3 years imprisonment and a maximum of 5 years imprisonment.

John Knight
Margaret Knight
33800 83 0001 V
Chicago District

In February or March 1983, Outlaw Indiana Chapter President Randy "Mad" Yager conspired with fellow members, Louis Luna and John Knight, and Knight's mother, Margaret, to burn Margaret's former residence, 3265 Carlonia Street, Gary, Indiana. The purposes for burning the residence were to enable Ms. Knight to collect insurance monies in order to secure counsel to defend her son, John Knight, and to pay a narcotics debt to Randy Yager.

On April 28, 1983, Yager ordered the residence burned, which was accomplished the same date. In October 1983, their insurance company settled with Ms. Knight in the amount of

$16,000. In January 1984, Ms. Knight deeded the property at 3265 Carolina Street, Gary, Indinana, to the Outlaws, who now utilize it as their clubhouse.

On March 20, 1985, defendants were indicted by a Lake County (Indiana) grand jury for arson charges. Bond for Yager, Luna, and John Knight was set at $350,000 cash, and bond for Margaret Knight was set at $1,500 cash.

Joseph Nicolei
Robert Smith
Rebecca Head
33800-83-0001 V
Chicago District

The arrests of the three individuals culminated an Organized Crime Drug Task Force (OCDETF) investigation concerning narcotics sales by two Outlaw Motorcycle Gang members, Joseph Nicoleo and Robert Smith, and an associate member, Rebbeca Head. This investigation was one aspect of the total North Central Region OCDETF investigation against the Outlaw Motorcycle Gang.

Previous to the "buy/bust" of Nicolie and Smith, Head was arrested by ATF for being a felon in possession of a firearm.

On October 3, 1984, Nicolei and Smith were arrested by ATF and other members of the task force as they were returning to their vehicles subsequent to a narcotics transaction. Seized after the arrest by the FBI were two vehicles and

United States currency in excess of $30,000. ATF seized a .38 caliber revolver loaded with "Hydra-shock" bullets. These bullets are not armor piercing but designed to deliver maximum trauma through body fluid.

On October 4, 1984, the three subjects appeared before a U.S. Magistrate and bond was set at $200,000 cash for Smith and $100,000 for Nicolei. Head was released on a $4,500 own recognizance bond. All three were represented by Michael Fabing, a "color wearing" member of the Outlaws who is also an attorney.

James E. Brandes
9390-85-0002 K
San Francisco

In December 1984, James E. Brandes was convicted of Federal narcotics and firearms violations. On April 12, 1985, Brandes was sentence to a total of 7 consecutive years imprisonment. The conviction and sentence were the result of a joint OCDETF/Strike Force investigation into illegal methamphetamine trafficking by members and associates of the Hell's Angels Motorcycle Club.

Brandes, a convicted felon and then leader in the San Jose chapter of the Hell's Angels, was the target of a Strike Force investigation which later combined with the Northwest Region OCDETF.

Significant Cases
Street Gangs and Ethnic Organized Crime Groups

El Rukn
33800-83-0002U
Chicago District

The El Rukns had been in existence within the Chicago metropolitan area for over 20 years. Formerly this organization was known as the Black P. Stone Nation which was a violent Black gang ruled by 21 "Generals" known as the "Main 21." For a number of years, practically every law enforcement agency in northern Illinois had conducted investigations on this organization, generally with little success other than isolated cases against individuals. ATF had pursued individual firearms cases against many of the El Rukns and their associates.

They developed into the most sophisticated street gang in Chicago with tentacles into Milwaukee, Wisconsin; St. Louis, Missouri, and New York, New York. The gang's major source of income was from illicit narcotics and synthetic drug distribution in Chicago and neighboring communities. The El Rukns had a strong contingent in Milwaukee which was established when their leader, Jeff Fort, was paroled there from Leavenworth Penitentiary in 1976. It is believed that El Rukn members in Wisconsin may be a source of illegal firearms for the Chicago El Rukns. The El Rukns had long had the reputation and record of firearms violence that

intertwines with a myriad of crimes that include murder, narcotics violations, extortion, armed robbery, intimidation and other types of personal and commercial crimes. They effectively terrorized and intimidated citizens within the black community of Chicago for several years.

There were over 50 readily identifiable members of the El Rukns who took part in or oversaw the day-to-day operations of the gang. The Chicago Police Department Gang Crimes Unit identified an additional 155 male adults as members of the El Rukns and who participated in the street gang activity. Virtually all of those members had arrest records on file at the Chicago Police Department.

Most of the ruling body of the El Rukns, the "Generals", were convicted felons and had no legitimate source of income. The "Generals" and indeed the organization itself existed primarily through the control of the narcotics trafficking on the South and West sides of Chicago. The gang "owned" or controlled real estate in Chicago gained through purchase with illegal narcotics profits, intimidation and outright strong-arm occupancy.

In April 1983, through efforts of ATF and the Mississippi Bureau of Narcotics, a narcotics conspiracy case was perfected against Jeff Fort (aka "Angel" and "Chief Malik") and two of the leading El Rukn Generals, William ("General

Sundown") Doyle and Henry ("General Tim") Timothy. A successful prosecution ensued. Jeff Fort was sentenced to 13 years incarceration for Title 21 narcotics and conspiracy violations and Doyle and Timothy were sentenced to 8 years each on similar charges.

Michael Arbuckle
33800-83-0002U
Chicago District

It was alleged that Michael Arbuckle was involved in a murder for hire in 1981 which occurred in Jackson County, Illinois. At that time, Arbuckle was serving a prison sentence for a previous murder and it is alleged that he and other imprisoned members of the El Rukns solicited the murder for hire of his wife. A murder warrant was issued by the State court, Jackson County, Illinois, in the summer of 1984, at which time Arbuckle, who was then on parole, fled from the authorities.

In late May 1985, information was received by the ATF Organized Crime Drug Enforcement Task Force (OCDETF) as to the location of Arbuckle in Milwaukee, Wisconsin. Acting upon that information, a Task Force member went to Wisconsin and in cooperation with the Milwaukee Police Department initiated surveillance on an El Rukn safehouse. On May 25, 1985, the house was raided and Arbuckle was arrested.

Subsequent to this arrest, significant corroborating information was gained by the ATF Drug Task Force which was used in the ATF Drug Task Force Rico investigation against the El Rukn street gang.

Shigeo Sato
93111 84 1549Z
Los Angeles District

On December 18, 1984, ATF fugitive Shigeo Sato was arrested by ATF special agents on Federal firearms charges. A consent search of Sato's residence on the sale date revealed evidence substantiating charges that Sato illegally trafficked in firearms internationally.

In March 1984, Interpol requested that ATF trace two U.S. manufactured .22 caliber revolvers that had been seized in Nagasaki, Japan. An investigation coordinated by the ATF ITAR Program Manager and conducted by Los Angeles ATF special agents revealed that Shigeo Sato, an illegal alien in the U.S., had purchased firearms for illegal international shipment to Japan. Japan's firearms laws are very strict and firearms smuggled into Japan are sold at premium prices.

Investigation revealed that Sato conspired to smuggle firearms into Japan for members of Yakusa, a Japanese organized crime faction operating internationally. A complaint and arrest warrant were issued in the Central

Judicial District of California, charging Sato with various Federal firearms violations in June 1984. Sato left the United States around the same date.

On December 4, 1984, Sato returned to the U.S. using a passport in the name of Yuzo Nakajima.

On December 18, 1984, at 1:00 p.m., ATF special agents located Sato at his residence in Los Angeles, California, and arrested him. Sato authorized a consent search of his apartment. One .22 caliber revolver and 100 rounds of .22 caliber ammunition were retained as a result of the search, along with numerous stolen and forged Japanese documents. Sato advised after his advice of rights that he had purchased and shipped firearms to Tokyo, Japan, on two occasions. He also stated that he is a fugitive from justice in Japan where he is wanted for the illegal sale and distribution of firearms. Sato said that if he were convicted in Japan of his firearms offenses, he would face a minimum penalty of 20 years imprisonment.

Anthony Bridgeport
93180 83 5036T
Los Angeles District

Bridgeport and four subjects were arrested for smuggling handguns to Japan. They had smuggled approximately 150 handguns from Tucson, Arizona, to Japan via Travis Air Force Base.

These firearms were reportedly sold for $1,500 each to the head of the Yakuza in Osaka. ATF seized an additional 38 handguns with obliterated serial numbers from a courier in San Francisco. Bridgeport was previously involved in smuggling methamphetamine to Korea. Bridgeport was convicted of numerous firearms charges and was sentenced to 10 years in custody.

Jose Santos
93120 85 2004D
Los Angeles District

On March 7, 1985, U.S. Immigration and Naturalization agents arrested Jose Santos, a self-confessed member of the "monkees," a Philippine death squad. Santos has acknowledged participation in 50 assassinations as a contract killer and is alleged to have been involved in the killing of Philippine opposition leader Benigno Aquino. Santos' arrest resulted from an ATF investigation into an illegal alien associate's possession and sale of unregistered automatic firearms.

During the conduct of a Los Angeles Police Department (LAPD) storefront operation, ATF special agents received information that an illegal Philippine alien was dealing in fully automatic unregistered firearms. The alien was known to associate with an individual known as "Jun." ATF investigation revealed that "Jun" was in fact Jose Santos.

On March 1, 1985, an LAPD undercover officer met with Santos to discuss a murder-for-hire contract. Santos was subsequently arrested after his identity was firmly proven on March 7, 1985.

Fonesca-Caro Organization
93800 84 000 2L
Los Angeles

The Fonesca-Caro Organization is a long established and multi-family Mexican organization, alleged to be responsible for the smuggling into the United States from Mexico multi-kilogram quantities of heroin and cocaine and multi-ton quantities of marijuana, and the smuggling of millions of dollars of unreported currency out of the country. Horma Lerma-Fernandez is alleged to be in the hierarchy of this organization, and was responsible for the importation and distribution of large quantities of drugs in the United States, and the smuggling of automatic and semiautomatic weapons from the United States into Mexico for the purpose of protecting drug laboratories and fields in that country. ATF's investigation resulted in the indictment of 8 subjects in the organization, including Horma Lerma-Fernandez and 2 of her sons, on a total of 18 Federal firearms violations.

Lan Quy Chenh
33114 84 2052
Chicago District

This investigation has been directed toward the violations of Federal firearms laws by the organization known as the "Black Eagles." "The Black Eagles" allegedly was composed of persons who fled from South Vietnam after it fell to the Communists. This particular criminal organization exists "to fight communism" but according to intelligence, this and other ethnic Oriental street gangs have been stockpiling weapons and explosives in the Chicago area and their actual purpose is to offer "protection" to persons and businessmen from other Oriental street gangs, such as the Chinese group, the "Ghost Shadows." The alleged source of income for the "Black Eagles" has been armed violence, narcotics trafficking in cocaine, extortion and burglaries. These crimes have mainly been directed toward the Oriental community in the Chicago Area, but many go unreported to the police department because of intimidation of the populace by the gang itself and a natural Oriental reluctance to be involved with legal authority.

The direct involvement by ATF with this ethnic criminal gang and specifically its self-proclaimed leader, Lan Quy Chenh, began with his arrest on February 5, 1984, by the Chicago Police Department for possession of three firearms. The

arrest of Chenh involved a traffic stop where a loaded pistol was observed in plain view by one of the arresting officers. There were seven other persons in the vehicle at the time. Found behind the driver's seat was a second loaded pistol, and a subsequent search of the vehicle revealed a third firearm, a loaded RPB, semiautomatic M-10 pistol.

Chenh's felony conviction stems from a bombing/arson which took place at the Roxy Record and Book Company at 2310 S. Wentworth Street, Chicago, Illinois, on September 8, 1982. He received a 1 year felony probation in State court for this violation.

During the scene investigation a letter was found which was addressed to the Chicago Police Department. This letter stated that a group identified as "Eagle 7/0 mega 7" (Black Eagles) claimed responsibility for the bombing, which was meant as a warning to any business that sold "Communist books, magazines, etc.," and that this group was formed to combat communism. At the time of Chenh's arrest for this felony, he was in possession of a firearm.

Felipe Bonilla-Romero
63160-35-6517 C
New York District

On December 15, 1986, Felipe Bonilla-Romero, a convicted felon and DEA Class I violator, was convicted in U.S. District Court, Judicial District of Puerto Rico.

Bonilla-Romero was convicted on two counts of possession with intent to distribute narcotics and two counts of receipt of firearms by a convicted felon.

This investigation was a joint effort between DEA, police of Puerto Rico, and ATF. The 5-month investigation resulted in nine arrests and the disruption of narcotics distribution into Southern Puerto Rico. Targets of the investigation were believed to be responsible for 43 drug related homicides beginning in 1982.

Dich Van Do, Ha Duyen Ngoc, Chi Fei Hung, and Chow Wah
4406 0983 2008N
New York District

On September 26, 1983, ATF, New York, received information from a confidential informant that members of the Flying Dragon Chinese Gang who are controlled by the Chinese Tongs, had an arsenal of weapons stored at a safehouse located at 12 Pell St., New York, New York.

On September 28, 1983, ATF agents obtained a Federal search warrant based on this data. The warrant was executed later that date. Specifically, the warrant indicated that four illegal handguns were being stored at 12 Pell St. for criminal use by gang members. Upon entry into the subject premise, four members of the gang were found sleeping on mattresses on the floor of the apartment. Three handguns

were found under the mattresses and a search of the kitchen area produced a fourth illegal handgun. The four gang members were arrested for being illegal aliens in possession of firearms. Also detained were three bulletproof vests.

This case was coordinated with the Immigration & Naturalization Service, the Organized Crime Control Bureau of the New York Police Department and the U.S. Attorney's Office, Southern District of New York.

F. ATF Organized Crime Statistics

The statistics presented below represent the total number of Organized Crime defendants recommended for prosecution on a yearly basis. It is estimated that La Cosa Nostra would account for approximately 10% of ATF's O.C. defendants.

Total O.C. Defendants for Year:

| 1985 | 1986 | 1987 |
|---|---|---|
| 475 | 451 | 470 |

G. Strategies and Techniques

ATF's participation with other Federal, State and local agencies in the various Department of Justice strike forces has proven to be successful in its ongoing efforts to suppress organized crime groups and their illegal activities.

The recent prosecution of several high ranking organized crime figures is evidence that the strike force strategy is working.

Another very important and successful deterrent to organized crime is the Organized Crime Drug Enforcement Task Force (OCDETF). Among the participating agencies are ATF, Drug Enforcement Administration, Federal Bureau of Investigation, Internal Revenue Service, Coast Guard, U.S. Marshal Service, Immigration and Naturalization Service and State and local law enforcement agencies. Since its inception, the 13 regionally based OCDETF offices have made tremendous inroads against organized crime operations. Over the past few years several hundred drug trafficking organizations that were controlled by organized crime were successfully investigated by OCEDTF; the investigations resulted in numerous convictions and the seizure of large quantities of illicit narcotics. The successes of OCDETF demonstrate the viability of an integrated task force concept: local level autonomy with national oversight.

The joint task force concept employed by ATF with State and local law enforcement has also proven to be a very effective investigative approach to combatting organized crime. As organized crime groups have become more involved in

interjurisdictional criminal activity, ATF has initiated and participated in a number of interagency task forces targeting organized crime figures.

All of the organized crime enforcement strategies described above depend on variations in three primary investigative techniques; the use of confidential informers, undercover operatives, and the extensive use of electronic and visual surveillance operations.

H. Observations and Recommendations

Law enforcement is confronted with a myriad of investigative difficulties with regard to organized crime investigations. A major problem encountered when investigating organized crime groups is that their leadership is, in most instances, highly insulated. Longer periods of time and additional funding are required to successfully investigate and penetrate their operations. Increased manning and funding would seemingly abet the investigation of organized crime.

Due to the emergence of several Asian and other ethnic organized crime organizations, law enforcement is also confronted with the additional problems of language and ethnic barriers. Successful investigations of these emerging criminal organizations mandate the recruitment of the appropriate type of law enforcement personnel; those who possess the proper ethnic background and language skills.

The increased sophistication of today's organized crime groups, both in the areas of operations and technological advances, is making law enforcement efforts to effectively investigate and curtail their illegal activities much more difficult. Broadening of Title III of the Omnibus Crime Control Act 1968 to include more laws enforced by ATF, would increase ATF's ability to employ this very potent weapon in its investigation of organized crime.

I. Relationships With Other Law Enforcement Agencies

The cornerstone to ATF's approach to organized crime investigations is that of cooperation. As previously stated, it is our belief that only through a cooperative effort can the menace posed by organized crime be effectively stemmed. ATF's commitment to cooperation is manifested by its ready referral of information, and its development and/or participation in task forces, both formal and ad hoc.

EXHIBIT NO. 47

# MAGLOCLEN

Statement to be Read into the Record Before the Committee on Governmental Affairs Permanent Subommittee on Investigations United States Senate

Prepared by GERARD P. LYNCH, ESQ. Executive Director of the Middle-Atlantic Great Lakes Organized Crime Law Enforcement Network

MAGLOCLEN

Mr. Chairman and Committee Members:

It is indeed both a pleasure and a privilege to have been invited to present this written statement to this committee. As Executive Director of the Middle Atlantic-Great Lakes Organized Crime Law Enforcement Network, (hereinafter referred to as MAGLOCLEN), I can state that our organization has been concentrating on Organized Crime networks in the states of Michigan, Indiana, Ohio, Pennsylvania, New York, New Jersey, Delaware, Maryland and the District of Columbia with connections into the provinces of Quebec and Ontario, Canada.

MAGLOCLEN, by way of background, is one of seven (7) Regional Information Sharing Systems (RISS) that were created through congressional action to provide regional criminal information exchange and other related support services to state and local law enforcement agencies located in all fifty states.

The US Justice Department set guidelines for the projects which would allow state, local, and federal agencies to identify, target and remove criminal conspiracies and activities which span several jurisdictions.

In addition two main objectives were listed:

1. To encourage and facilitate the rapid exchange and sharing of information pertaining to known or suspected criminals or criminal activity among federal, state, and local law enforcement agencies

2. To enhance coordination/communication among those agencies in pursuit of criminal conspiracies determined to be interjurisdictional in nature

In addition to MAGLOCLEN, the six other RISS projects involved in these very important objectives are listed as follows:

1. The original project covering the southern states is known as the Regional Organized Crime Information Center. (ROCIC)

2. The Rocky Mountain Information Network includes the Rocky Mountain states. (RMIN)

3. The Western States Information Network encompasses the western states including Alaska, and Hawaii. (WSIN)

4. The New England State Police Information Network covers the New England states. (NESPIN)

5. The Mid-States Organized Crime Information Network incorporates the central states. (MOCIC)

6. LEVITICUS, which focuses on coal, oil, and gas frauds accomodates states that transcend the boundaries of several projects.

MAGLOCLEN and the other RISS projects are governed by an Executive or Policy Board which sets policies to govern the projects' activities. Geographic and regional differences are considered when formulating policy for each individual and unique project. The Executive or Policy Board consists of seasoned law enforcement individuals with a unique expertise in inter-jurisdictional Organized Crime investigations.

To reply to your counsel's request, I will now briefly mention how MAGLOCLEN has assisted and will continue to assist law enforcement within its region. We must keep in mind that all the projects perform similar functions within their own respective regions.

MAGLOCLEN's policy board originally targeted La Cosa Nostra (LCN) activities, such as arson for profit, pornography, auto chop shops, etc., as priority areas. Emphasis was vigorously placed on capturing information on traditional organized crime individuals. Almost two years ago, the priorities were more specifically concentrated on organized crime groups and their major criminal enterprises. Currently these priority areas are expanded to include La Cosa Nostra, Columbian cocaine cartels, outlaw motorcycle gangs, other non-traditional organized crime groups (Asian, Jamaican, etc.), white collar crime, pornography, labor racketeering and narcotics. The priority areas are selected based on surveys of our member agencies needs.

The primary law enforcement tool developed by all the projects is a regional data base. By requiring members to input quality information into the project's data base, a constant buildup of information becomes readily available to all members. An immediate referral process is set in motion when entries are submitted or inquiries are made of the data base. Agencies which have shown a previous interest in that particular subject are notified that a new agency has inquired about or submitted an entry on that subject.

Referrals are also made utilizing our staff's knowledge of the specialization of their individual member agency's personnel. As a result of such referral services, MAGLOCLEN was able to greatly assist its member agencies in several LCN investigations.

For example, a central New York state agency (Colonie, NY Police Department) received information on criminal activity allegedly transpiring within its jurisdiction. Through MAGLOCLEN and its services, this agency was put in touch with Suffolk County Police Department, Long Island, New York . The result was an investigation of LCN figures traveling from Long Island to central New York for criminal purposes. Both agencies began cooperative efforts which enhanced the investigation in central New York.

Another example where MAGLOCLEN's referral services were used to assist law enforcement occurred when a New York City Member agency (New York County District Attorney's Office) was put in touch with a member agency from Quebec, Canada. The result was the rapid exchange of information on meetings between organized crime figures from New York City and Montreal. This information exchange aided the New York City agency's investigation and prompted an investigation within Montreal.

With the help of MAGLOCLEN services in the technical and financial field, as well as MAGLOCLEN's data base, a Maryland agency was helped in their investigation of LCN figures operating between Maryland and North Carolina. With further help from MAGLOCLEN, ties were also established with the state of New Jersey.

To further explore how important these regional projects support law enforcement in multijurisdictional cases, a New York City member agency was able, with MAGLOCLEN's help, to conclude an LCN investigation which had connections between California and New York. Federal prosecutions were begun in California as a result of this information exchange.

MAGLOCLEN's sister project, the Regional Organized Crime Information Center was able to substantially assist a Florida member agency with an LCN investigation. This resulted in several criminal cases with numerous pieces of intelligence information developed on major members of the Pennsylvania based Bufalino LCN family.

These are only a few examples of how MAGLOCLEN and its sister RISS projects have assisted law enforcement efforts in investigating La Cosa Nostra activities.

Other major services MAGLOCLEN has been able to provide to combat La Cosa Nostra activities include strategic and tactical analytical products. Strategic assessments were made in the early 1980's on the five New York based LCN families and have been constantly updated. Additional assessments were done on other LCN families within the MAGLOCLEN region. Tactical analytical capabilities utilized include telephone toll analyses and link charts.

The purpose of such assessments was to enlighten law enforcement membership about the various crime families, trends being observed in their criminal activities, and the interjurisdictional nature of all the families. The hope being that with these and other assessments completed on non-traditional organized crime goups, the law enforcement community within MAGLOCLEN and throughout the other RISS projects will be able to properly address their problems utilizing a more analytical concept. The final goal: a complete understanding of the organized crime groups. Law enforcement will benefit with the knowledge that MAGLOCLEN can refer agencies to each other, direct agencies towards strategic analyses within their area of concern, or simply educate members as to what might be occurring in their own jurisdictions.

We have also shared information at MAGLOCLEN sponsored intelligence conferences and training sessions, including training on La Cosa Nostra in the early 1980's. Presently MAGLOCLEN is endeavoring to give an overview on organized crime as law enforcement sees it today.

MAGLOCLEN further helped our member agencies by sharing information at a Labor Racketeering Conference on La Cosa Nostra and other oranized crime groups in November, 1987. This was co-sponsored with the US Dept of Labor.

MAGLOCLEN has been compiling statistics on other criminal organizations and is preparing assessments on Jamaican, Columbian, and Asian Organized Crime groups. We are also preparing an assessment on pornography and its impact within the MAGLOCLEN region. It is important that Law Enforcement move vigorously against such other groups and develop stratagies to attack such criminal enterprises.

At MAGLOCLEN's conference in May, 1988, we will be working with the FBI, Department of Labor, DEA, and state and local agencies to capsulize various organized crime groups. I have attached a tentative agenda for this conference, as well as our Jamaican Organized Crime Conference scheduled for June, 1988, for your review.

The purpose of these training sessions or conferences is two-fold. First, they provide our members with current information which may assist them in their investigations. Second, they encourage contact with counterparts throughout the region. This facilitates the rapid exchange of information through personal contacts and future networking when the participants return to their respective agencies.

MAGLOCLEN also provides equipment, such as video equipment, dialed number recorders and special lenses, which is used by our 163 member agencies, consisting of over 100,000 sworn law enforcement personnel, during the course of their investigations.

Overall, MAGLOCLEN is serving their members to the fullest extent by enabling these agencies to combat organized crime to the best of their ability.

We appreciate the opportunity to speak today before the committee, and we thank you for your generous support.

TENTATIVE AGENDA

**MAGLOCLEN**
**MODERN TRENDS IN ORGANIZED CRIME:**
**TRADITIONAL AND NON-TRADITIONAL**
**DOWNINGTOWN, PENNSYLVANIA**
**MAY 24-27, 1988**

**MONDAY, MAY 23, 1988**

3:00-5:00 p.m. — Registration (Chester County Room)

**TUESDAY, MAY 24, 1988**

8:00-11:00 a.m. — Registration (Chester County Room)
Conference Commences (Grand Ballroom)

12:30-12:45 p.m. — **Welcoming Remarks**

Gerard P. Lynch, Esq., Executive Director, MAGLOCLEN
Leroy Zimmerman, Attorney General, Pennsylvania Attorney General's Office
Ernie Preate, District Attorney, Lackawanna County, (717) 963-6717

*** * * * TRADITIONAL ORGANIZED CRIME * * * ***

12:45-1:15 p.m. — **"LCN Overview"**

Ralph Salerno, Retired, New York City Police Department, (803) 775-2809

1:15-2:15 p.m. — **"Commission Case Investigation"**

Jim Kossler, Coordinating Supervising Special Agent, Federal Bureau of Investigation, New York, NY (212) 553-2700

2:15-2:30 p.m. — BREAK

| | |
|---|---|
| 2:30-3:30 p.m. | **"Italian Families"** |
| | Unit Chief Bill Rice, Federal Bureau of Investigation, Washington, DC, European-Asian Drug Traffic Unit, (202) 324-5705<br>- Sicilian<br>- La Comorra (Naples, Italy)<br>- N'drangheta (Calabbria Region, Italy) |
| 3:30-4:15 p.m. | **"Labor and Organized Crime"** |
| | Deputy Director Ray Maria, U.S. Department of Labor, Washington, DC (202) 523-8545 |
| 4:15-5:15 p.m. | **"Other Families"** |
| | **"Scalish Family"** (Cleveland, OH) |
| | Sergeant Robert Cermak, Cleveland Police Department, (216) 623-5535 |
| | **"DeCalvalcante Family"** (New Jersey) |
| | Detective Dan Cortese, New Jersey State Police, (201) 938-2992 |
| | **"Bufalino and La Rocca Family"** (Central and Western Pennsylvania) |
| | Trooper Paul Andrejko, Pennsylvania State Police, (717) 693-2442 - Bufalino |
| | Trooper Louis Gentile, Pennsylvania State Police, (717) 429-2861 - La Rocca |
| 5:15-7:00 p.m. | HOSPITALITY (Chester County Room) |

**WEDNESDAY, MAY 25, 1988**

| | |
|---|---|
| 7:45-8:30 a.m. | COFFEE AND DANISH (Grand Ballroom Area) |
| 8:30-9:15 a.m. | **"Scarfo Family Update"** |
| | Klaus Rohr, Supervising Special Agent, Federal Bureau of Investigation, Philadelphia, PA (215) 629-0800 |
| 9:15-10:00 a.m. | **"35 Organized Crime Homicides"** |
| | Captain Francis Friel, Commanding Officer, Intelligence Unit, Philadelphia (PA) Police Department (215) 978-3918 |

10:00-10:10 a.m. BREAK

10:10-11:00 a.m. **"5 Family Update"**

**Jim Kossler**, Coordinating Supervising Special Agent, Federal Bureau of Investigation, New York, NY (212) 553-2700
- Columbo
- Bonanno
- Gambino
- Genovese
- Luchese

11:00-12:00 p.m. **"Italian National Police"**

12:00-1:00 p.m. LUNCH BREAK

1:00-2:00 p.m. **"Russotti (Rochester, NY) and Magaddino (Buffalo, NY) LCN"**

Colonel **David Luitweiler**, Assistant Deputy Superintendent, New York State Police, Albany, NY (518) 457-3869

2:00-2:30 p.m. **"Canadian LCN"**

Staff Sergeant **Ron Sandelli**, Metropolitan Toronto Police Force, Toronto, Canada, (416) 973-0264

2:30-3:00 p.m. **"LCN Joining Forces: South Florida Perspectives"**

Captain **Doug Haas**, Director, Metropolitan Organized Crime Intelligence Unit, P.O. Box 350536, Fort Lauderdale, FL, 33335 (305) 523-3200

3:00-3:15 p.m. BREAK

3:15-4:00 p.m. **"Organized Crime Biker Panel"**

Sergeant **Terry L. Katz**, Intelligence Unit, Maryland State Police, (301) 799-0190

Senior Investigator **Lou Barbaria**, New York State Police, (212) 399-4970

Detective **Warren Mabey**, New Jersey State Police, (609) 530-5710

4:00-4:30 p.m. **"Casino's and Organized Crime"**

Deputy **George Henningson**, Director of Operations, New Jersey Division of Gaming Enforcement, (609) 292-5113

| | |
|---|---|
| 4:30-5:00 p.m. | **"Managing Organized Crime Informants"**<br><br>Special Agent Chuck Conley, Pennsylvania Attorney General's Office, Trooper, PA (215) 631-5979 |
| 5:00-7:00 p.m. | HOSPITALITY (Chester County Room) |

**THURSDAY, MAY 26, 1988**

*** * * * NON-TRADITIONAL ORGANIZED CRIME * * * ***

| | |
|---|---|
| 7:45-8:15 a.m. | COFFEE AND DANISH (Grand Ballroom Area) |
| 8:15-8:30 a.m. | **Opening Remarks**<br><br>Col. Justin Dintino, New Jersey State Commission of Investigation, (609) 292-6767 |
| 8:30-9:15 a.m. | **"Oriental Organized Crime"**<br><br>Assistant District Attorney Nancy Ryan, New York County District Attorney's Office, New York, NY (212) 553-9000 |
| 9:15-10:00 a.m. | **"Narcotics and Asian Organized Crime Groups"**<br><br>Group Supervisor Richard LaMagna, U.S. Department of Justice, Drug Enforcement Administration, New York, NY (212) 399-2966/2967 |
| 10:00-10:30 a.m. | **"Nigerian Organized Crime"**<br><br>Investigator John O'Connell, Drug Enforcement Task Force, New York State Police, Albany, NY (518) 457-3869 |
| 10:30-11:00 a.m. | **"Isreali Organized Crime"**<br><br>Specialist Sheldon Barsky, Intelligence Research U.S. Department of Justice, Drug Enforcement Administration, New York, NY, (212) 399-4960 |
| 11:00-11:15 a.m. | BREAK |

| | |
|---|---|
| 11:15-12:15 p.m. | **"American Black Organzied Crime"** |
| | Sergeant Larry Gerholt, New York Police Department, Intelligence Unit, (212) 741-8455 |
| | Supervisor Jim Sweeney, Federal Bureau of Investigation, Philadelphia, PA (215) 829-2720 |
| | Detective Marion Wheeler, Cleveland (OH) Police Department, (216) 623-5535 |
| | Detective Carl Shoffler, Washington (DC) Metropolitan Police Department (202) 727-4312 |
| | Sergeant Dennis Ellis, Indiania State Police Indianapolis, IN (317) 232-8280 |
| 12:15-1:00 p.m. | **"Russian Organized Crime"** |
| | Detective Joel Campanella, New York City Police Department, Intelligence Unit (718) 802-2247 |
| | Special Agent Bill Moschella, Federal Bureau of Investigation, New York, NY (718) 455-3140 |
| | Detective Peter Grininko, Kings County District Attorney's Office, Brooklyn, NY, (718) 802-2525 |
| 1:00-2:30 p.m. | LUNCHEON with Guest Speaker |
| 3:00 p.m. | ACTIVITIES (Golf Outing, Casino Trip, Tennis, Bowling, etc.) |
| | HOSPITALITY (To be announced) |

**FRIDAY, MAY 27, 1988**

| | |
|---|---|
| 7:45-8:30 a.m. | COFFEE AND DANISH (Grand Ballroom Area) |

| | |
|---|---|
| 8:30-9:15 a.m. | **"Jamaican Organized Crime"** |
| | Special Agent Steve Pirotte, U.S. Department of Treasury, Bureau of Alcohol, Tobacco, and Firearms, (ATF) Washington, DC (202) 566-7845 |
| 9:15-10:00 a.m. | **"Non-Traditional Organized Crime Trends"** |
| | Ronald Goldstock, Esq., Director, New York Organized Crime Task Force, White Plains, New York, (914) 682-8700 |
| 10:00-11:00 a.m. | **"Colombian Organized Crime"** |
| | Senior Investigator Mike Klusacek, New York State Police, Albany, NY (518) 457-0276 |
| | Special Agent Mike Timko, Federal Bureau of Investigation, Newark, NJ (201) 456-9250 |
| | Special Agent Dick Fekete, U.S. Department of Justice, Drug Enforcement Administration, Philadelphia, PA (215) 597-0957 |
| 11:00-11:30 a.m. | **"Greek Organized Crime"** |
| | Special Agent Mickey Hawkins, Federal Bureau of Investigation, Philadelphia, PA (215) 829-2733 |
| 11:30-12:00 p.m. | **"Protecting Organized Crime Informants"** |
| | Tom Rapone, U.S.Marshal, U.S. Marshal's Service, Philadelphia, PA (215) 597-4305 |
| 12:00-12:30 p.m. | **"Money Laundering and Organized Crime"** |
| | Group Supervisor Francis X. Cunningham, U.S. Customs Service, Philadelphia, PA (215) 597-4305 |
| 12:30-1:00 p.m. | **"Interpol"** |
| | Special Agent Joseph Wilson, U.S. Department of Justice, Bureau of Alcohol, Tobacco, and Firearms (ATF), Washington, DC (202) 272-8383 |
| 1:00 p.m. | CLOSING REMARKS |

EXHIBIT NO. 48

CITY OF CHICAGO / DEPARTMENT OF POLICE 1121 South State Street Chicago, Illinois 60605 744-4000

Eugene Sawyer, Acting Mayor
LeRoy Martin, Superintendent of Police

20 January 1988

RECEIVED BY
SENATE PERMANENT
SUBCOMM ON INVESTIGATIONS
JAN 26 1988
MAJORITY OFFICE

Senator Nunn
Committee on Governmental Affairs
Senate Permanent Subcommittee
on Investigations
Washington, DC 20510-6250

Dear Senator Nunn:

Upon receipt of your letter via the Office of the Superintendent of Police, the undersigned caused an indepth research to be conducted with regard to your requested information.

With reference to the years in question, 1982 thru 1987, you will find attached case descriptions and overviews listing investigations, their conclusions, and court dispositions and cases pending in court.

We sincerely hope the submitted report will aid you and your subcommittee staff in the hearings that you have scheduled.

If we can be of further assistance to you please feel free to contact us at 312-744-6201.

Respectfully yours,

Elgia C. Cook
Organized Crime Division
Chicago Police Department

ECC:mb
Att.

| CASE DESCRIPTION | OVERVIEW |
| --- | --- |
| "Chisel" 1980 - 1985 | |
| Task force investigation in conjunction with F.B.I. initiated in 1980 and cumulated in 1985. The investigation was directed towards the organized criminal activity of stolen auto's, chop shop's, racketeering, conspiracy, mail fraud and interstate transportation of stolen property. | Based on evidence gathered resulting from this investigation 6 search warrants were executed against targeted businesses. Records seized resulted in additional information leading to the seizure of 30 stolen vehicles; 33 complete front end assemblies; 786 doors and numerous other vehicle parts records and documents. Examination of these documents revealed a system of using fictitious auto companies and the laundering of same through a currency exchange. Based on the evidence uncovered, a total of 26 individuals and 2 businesses were indicted, resulting in total convictions, receiving sentences ranging from probation and fines to 8 years in the federal penitentiary. In addition, 7 other individuals were charged and/or indicted and convicted of charges directly related to this investigation. |
| "Airport" 1982 | |
| Information developed from confidential informant and verified by investigation procedures conducted in consort with the F.B.I. involving individuals identified with syndicated organized crime activities in the greater metropolitan area of Chicago. | Investigation revealed that a "street tax", amounting to payoffs, was being assessed against auto wrecking yards and shops, x-rated movie theatres and illegal gamblers under intimidation of threats of violence. Investigation resulted in the return of 8 federal indictments, 6 of which resulted in convictions receiving sentences ranging form probation to 30 years in prison. |

| CASE DESCRIPTION | OVERVIEW |
| --- | --- |
| "Omega" 1986 | |
| Investigation in conjunction with DEA, centering in northwest side of Chicago and northwest suburbs of a large midwest narcotic trafficking operation involving Florida connections and believed to have ties to syndicated organized crime. This investigation is still currently being pursued, and additional results are forthcoming. | The principal target of this investigation has been arrested. Definite ties have been made to organized crime. To date 7 individuals have been indicted and convicted in federal court, receiving sentences from 2 to 20 years. To date, over 17 million dollars in cocaine has been seized. In addition, 17 federal indictments are pending. |
| "Oasis" 1984 | |
| Investigation developed regarding an auto theft operation being conducted by individuals while on a work release program. | Two individuals were determined to be involved in two specific incidents relating to auto theft. Subject's were arrested on warrants, indicted in State court for grand theft and received a three years prison sentence upon conviction. |
| "TEK" | |
| Investigation conducted in conjunction with F.B.I., based on information of narcotics, weapons and explosives violations involving organized crime suspects. | Investigation resulted in numerous purchases of cocaine, explosive devices, gun silencers and illegal firearms, (machine gun & sawed-off shotguns), from suspects. A multi-million dollar robbery conspiracy also was uncovered. Six men including a member of Hillside's Police and Fire Commission, and two reputed crime syndicate figures were arrested on charges of taking part in gun, bomb and drug trafficking. Four of the men, including the Hillside official, (who |

| CASE DESCRIPTION | |
|---|---|
| | operated a loop jewelry store) were indicted on federal charges and convicted in court. |
| "Charter Boat" 1985 | |
| Investigation into vehicle theft ring which stole vehicles in Chicago and then transported to two locations in Wisconsin. The stolen vehicles were then re-tagged or the bodies switched and re-sold. | Five individuals were indicted by the Federal Grand Jury and convicted of Interstate Transportation of Stolen Motor Vehicles. Defendants were convicted and sentenced to from 2 years to 10 years in federal prison. Fines and restitution were also levied on the defendants. |
| "Remy Martin" 1986 | |
| Investigation based on allegation of infiltration of immigrant female Korean prostitution operation into oriental restaurants and bars, as may relate to a Korean crime group with ties to Japanese organized crime. | Undercover investigation identified 7 locations which had been infiltrated by an organized prostitution operation. Subsequent raids were conducted based on evidence gathered leading to the arrest of 49 persons. |
| "Operation Double Score" 1986 | |
| Joint investigation conducted with the Illinois State Police, Cook and Du Page Counties law enforcement agencies, into organized syndicate gambling operations. | Investigation resulted in 15 locations raided, 16 individuals arrested $140,000 USC and 500,000 in betting records seized. Indictments pending. |
| "Operation Super Score" 1987 | |
| Continuation of the above investigation based on records seized into syndicate gambling operations in Cook and Du Page Counties. | Additional locations identified and subsequent raids made. 3 individuals arrested, $10,000 in bets were recorded by investigators answering telephones after recorded gambling records were destroyed by arrestee's by use of water soluble paper. Indictments of syndicate |

| CASE DESCRIPTION | OVERVIEW |
| --- | --- |
| | gambling and obstruction of justice pending before the DuPage County Grand Jury. |
| "Tabasco" 1987 | |
| A joint investigation undertaken with the special Prosecution Unit of the State's Attorney Office, into a prostitution and escort service with ties to syndicate organized crime. This investigation was prompted by the Federal investigation, Operation Safe Bet, which was a credit card billing sting operation of the F.B.I. | Surveillances indicated that the money taken in from the prostitution service was collected from prostitutes and delivered to a location in Chicago. Based on the information gathered during the surveillances, and subsequent investigation, suspected activity was substantiated. Search warrants were executed on persons, vehicles and eight suspected locations used in the operation, resulting in the confiscation of over $75,000 in USC and Checks, as proceeds of the operation as well as various records and other documents. Cook County Grand Jury indictments pending. |

| CASE DESCRIPTION | OVERVIEW |
| --- | --- |
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| CASE DESCRIPTION | |
|---|---|
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COL. ROBERT E. SCHEETZ, CHIEF OF POLICE

EXHIBIT NO. 49

# METROPOLITAN POLICE DEPARTMENT

CITY OF ST. LOUIS • 1200 CLARK AVENUE • ST. LOUIS, MISSOURI 63103

1988 JAN 25 PM 4:11

January 22, 1988

RECEIVED BY
SENATE PERMANENT
SUBCOMM ON INVESTIGATIONS
JAN 26 1988
MAJORITY OFFICE

Mr. Sam Nunn, Chairman
Committee on Governmental Affairs
Washington, D.C. 20510-6250

Dear Senator:

Per your request, attached is a statement from the Saint Louis Metropolitan Police Department regarding organized crime investigative activity in our area for the period of 1979 to 1987.

I hope this information will help your Subcommittee during the hearings.

Thank you for giving us the opportunity to submit a statement, and if I can be of any further assistance, please do not hesitate to contact me.

Sincerely,

Col. Robert E. Scheetz

Robert E. Scheetz
Colonel
Chief of Police

RES:sma
Attachment

METROPOLITAN POLICE DEPARTMENT - CITY OF ST. LOUIS

Intra-Department Report and Correspondence Sheet

DATE: January 20, 1988

TO: Colonel Robert E. Scheetz, Chief of Police

FROM: Lieutenant John M. Letz, Commander, Intelligence Unit
Sergeant Harry B. Hegger, Supervisor

SUBJECT: Response to United States Senate, Committee on Governmental Affairs

COPIES SENT TO:

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In response to your directive concerning correspondence dated December 17, 1987, from the United States Senate Committee on Governmental Affairs, the following information is being furnished for your review. This correspondence indicates that the Senate Permanent Subcommittee on Investigations is focusing its attention on law enforcement efforts and prosecutions in the area of organized crime. Further, the committee has invited our Department to submit a statement regarding organized crime investigative activities in our area.

Noted in that correspondence was the specific inquiry concerning what investigations, indictments, and prosecutions the St. Louis Metropolitan Police Department has participated in involving La Cosa Nostra activities between 1982 and 1987, and any investigative efforts which were coordinated with other federal and/or state law enforcement agencies.

In this response, I would like to summarize the current status of some criminal groups traditionally referred to as Organized Crime, which of course, includes the La Cosa Nostra. Additionally, I would like to address other forms of Organized Crime activity, which not only the Metropolitan area of St. Louis is experiencing, but is, no doubt, prominent throughout the Nation. I would like to offer further comments on recent investigations, some in detail, which have been coordinated with federal agencies and have been successful in our attempts to control these patterns of organized crime.

By the early 1980's, in what may be defined as the La Cosa Nostra and/or related types of organized crime mobs, a decline of power was noted to have occurred. Prior to this period the LCN had been prominent in profit skimming from some Las Vegas Casinos and in the Metropolitan area of St. Louis, they had entrenched themselves into power positions within area union locals. A decline in strong leadership of the LCN and a rising ambition for power within and control of the union local by the Leisure Mob resulted in violence. In summary, that chronology of violence and other related events is as follows:

NOVEMBER 8, 1979 - John Paul Spica, an LCN associate who had just begun a move to infiltrate a labor union local, is killed in a car bombing outside his home.

AUGUST 31, 1980 - Tony Giordano, head of the LCN in St. Louis, dies of cancer. John Vitale takes over as interim head of the Italian faction.

SEPTEMBER 17, 1980 - James Michaels, head of the Syrian organized crime faction and in control of one of the

labor union locals, is killed when a bomb explodes in his auto as he is travelling on a St. Louis highway.

AUGUST 11, 1981 - Paul Leisure, formerly the major "muscle" for the Syrian criminal element and responsible for the car bombing of Michaels, is critically injured when a bomb explodes through his auto as he leaves his residence enroute to work.

SEPTEMBER 11, 1981 - Charles "Johnny" Michaels, (grandson of James Michaels), and an associate, Dennis Day, are wounded in a shotgun ambush at the Edge Restaurant (a popular hangout for organized crime figures in St. Louis).

OCTOBER 16, 1981 - George "Sonny" Faheen, (nephew of James Michaels) is killed by a bomb explosion in his auto as he starts his vehicle in an apartment building parking garage in Downtown St. Louis.

JUNE 5, 1982 - John J. Vitale, interim head of the Italian Faction, dies of heart disease.

JULY 31, 1982 - Leisure gang member Michael Kornhardt is found murdered (shot to death) in an open field in the neighboring county of St. Charles.

APRIL 14, 1983 - Paul Leisure, Anthony Leisure, and David Leisure, and all gang members of their so called "No Name" gang are apprehended by federal and local law enforcement authorities. They are charged with multiple counts stemming from car bombing murders of James Michaels,

George Faheen, the fatal shooting of Michael Kornhardt, and the shotgun wounding of "Johnny" Michaels and his associate.

Paul Leisure and five gang members, Anthony Leisure (Paul's brother), David Leisure, (Paul's cousin), Charles Lowe, Steve Wougamon, and Robert Carbaugh were convicted in federal and state courts for a variety of offenses ranging from conspiracy, racketeering, obstruction of justice, manufacturing a destructive device (bomb), to murder. In 1984, two members of a rival faction, James A Michaels III and former St. George Missouri Police Chief Milton Russell Schepp were found guilty of charges relating to the car bombing of Paul Leisure.

Throughout those investigations, members of our Department and Special Agents of the Federal Bureau of Investigation and the Bureau of Alcohol, Tobacco, and Firearms conducted a mutually cooperative and cohesive investigation which resulted in the indictment and arrests of numerous subjects involved in this violence. Additionally, those federal agents, after those subjects were convicted in Federal Court, fully participated in and contributed in the successful prosection of some of those subjects when they were tried and convicted in State Circuit Courts.

As that chronology indicates, the power of the LCN and other traditional organized crime gangs in the St. Louis area became somewhat ineffective, when you compare their present status to that of past history. Murder, imprisonment, and death by natural causes greatly reduced the recognized leadership of these mobs. However diminished the strength of these groups may be at present, there exists an element which remains entrenched in local union leadership positions and influence.

For example, four labor union locals remain influenced by mob elements. One local has historically been under the control of "east side" criminal

influence dating back to the days of Frank "Buster" Wortman. A second local is influenced by members of the La Cosa Nostra in St. Louis. The third union, traditionally influenced by the "Syrian Faction", which was headed by the late Jimmy Michaels, was successfully taken over by the Leisures in 1980-1981. That union is now fully controlled by new leadership elements of the LCN since the incarceration of the Leisures and their gang members. The fourth union mentioned is controlled by the Chicago LCN with local St. Louis "caretakers".

Aside from these four labor locals, a local of the Operating Engineers union was infiltrated by the "east side" criminal elements approximately twelve years ago. That union local remains influenced by these mob elements. In 1984, members of this element were convicted on charges relating to a bombing of a union hall, possessing a bomb, and transporting explosives. The investigation was conducted jointly by the Federal Bureau of Investigation and this Department.

As a final note on this summary of traditional organized crime in St. Louis, it is important to note that there presently appears to be efforts of rebuilding and reorganizing the LCN through a newly emerging Sicilian element which operates through the framework of the old La Cosa Nostra. Their criminal activities appear to be in the area of narcotic trafficking and money laundering.

Another investigation related to organized crime activities came to our attention in 1984. That organization, operating under the broad corporate umbrella of Comp-Tech Corporation, suddenly appeared in the St. Louis area, where it established it's corporate business office. However, the main thrust of the organization's illegal activities took place in the recreational area and small towns surrounding the Lake of the Ozarks area in

Missouri.

That corporation, and its many subsidiaries, began purchasing millions of dollars worth of property and businesses in the Lake Area. In that investigation, which was initiated by our Department's Intelligence Unit and the St. Louis Office of the Federal Bureau of Investigation, disclosed that the president of this corporation had close ties to organized crime. It was discovered that the president of Comp-Tech had once been a close associate of now deceased Meyer Lansky, an organized crime principle in Florida. The corporate official also had ties to members of the Columbo Organized Crime Family.

That cooperative investigation expanded to include the Internal Revenue Service and the Missouri State Highway Patrol. Disclosed in that investigation were serious implications of political corruption, labor racketeering, money laundering, and narcotics trafficking.

Presently, there remains an investigation of possible criminal violations as those businesses under Comp-Tech collapsed. Two million dollars in federal and state liens in unpaid taxes have been filed in the Missouri Counties of Camden, Miller, and St. Louis against Comp-Tech. Numerous civil suits have been filed by individual investors.

In 1986 and 1987, this Department worked a cooperative case with the Federal Bureau of Investigation into a drug trafficking operation funded by a Sicilian faction in the St. Louis area. The first phase of this investigation concluded recently when five subjects were indicted on the federal level for conspiracy to distribute cocaine, a violation of Title 21, stemming from their narcotic operation between Florida and St. Charles, Missouri (a St. Louis suburb). This investigation is being conducted as a task force case under OCDETF Case Number SC-MOE-034. Additional charges may

be filed on members of this group for narcotic and money laundering charges in the near future.

Another type of organizational crime, to be mentioned in brief, is that of local motorcycle gangs. An example of this is the El Forastero Motorcycle Gang. Though the local chapter in St. Louis is far from the sophisticated organizational structures of some organized crime groups, if left unchecked, they may realize the reputation of more notable biker gangs associated with organized crime.

In 1970, this group, a brother club of another motorcycle gang, the Galloping Goose, emerged. The El Forastero established a charter and by-laws identical to that of the Galloping Goose. For all practical purposes, these two motorcycle gangs are one in the same.

To date, these two clubs have charters in St. Louis and Kansas City, Missouri; Des Moines and Sioux City, Iowa; Wichita and Topeka, Kansas; New Orleans, Louisiana; Minneapolis, Minnesota; and Los Angeles, California. Locally, their membership is approximately one hundred and fifty active members. These two clubs, on a national level, have a large male membership and a substantial female following.

The three primary sources of income of these clubs are narcotics trafficking, prostitution, and the sale of stolen motorcycles and parts. These crimes are committed by the 1% outlaw gangs and their associates. The Galloping Goose and the El Forastero's 1% outlaw motorcycle gangs are closely associated with the Hell's Angels Outlaw Motorcycle Gang.

In 1986-87, the Missouri State Highway Patrol conducted a nine month undercover investigation into the activities of several members and persons associated with the El Forasteros. As a result, numerous subjects were indicted by a Federal Grand Jury and prosecuted by the Drug Task Force

Office of the United States Attorney in St. Louis. To date, all of the subjects who have been tried have been convicted on a variety of charges. Others indicted have entered guilty pleas. Those convictions were for such offenses such as distribution of Methamphetamine, Cocaine, Marijuana, and Methaqualone, Conspiracy to Distribute Cocaine, Carrying A Concealed Firearm During the Commission of a Felony, and Possessing a Firearm by a Convicted Felon.

In recent years, we have recognized the existence and expansion of non-traditional organized crime organizations. As most metropolitan areas, our crimes go far beyond what is perceived to be the traditional concept of organized crime --- "The Mafia". The St. Louis area also has those groups of organized criminal gangs who's conspiratorial goals are to engage in illegal activities. Unlike predatory street crime, this organized crime activity is a rational, well planned, and executed form of criminal behavior involving an intricate network of individuals.

An example of this organized criminal activity, which has become a common pattern of organizational crime is that of Black Organized Crime drug traffickers. One such example is an investigation initiated by this Department's Intelligence Unit into the illegal drug activities of several major drug distributors in the St. Louis Metropolitan Area. These major Cocaine distributors were believed to be supplied by a former St. Louisian who had set up a base of operations in Los Angeles for the sole purpose of avoiding law enforcement in St. Louis and taking over as the principle Cocaine and Heroin trafficker/supplier for many of the major drug dealers in the metropolitan area. This investigation later disclosed that this Los Angeles drug trafficker, John Alvin Payne, was the source of illegal drugs for other major dealers in the cities of Alton and East St. Louis, Illinois;

Little Rock, Arkansas; Greenville, Mississippi; and Oklahoma City, Oklahoma.

Following an extensive investigation in cooperation with the Criminal Investigation Division of the Internal Revenue Service and the local office of the Federal Bureau of Investigation, the case was presented to and accepted by the Organized Crime Drug Enforcement Task Force. These agencies, working in conjunction with the Drug Task Force Office of the United States Attorney-Eastern District of Missouri, initiated electronic surveillance, (through the use of Title III Legislation), in December 1986, on the telephones of Lee Autry Wright, a major St. Louis drug dealer being supplied by John Alvin Payne.

The wiretap, along with other investigative facts developed, led to a second electronic surveillance (wiretap) in January 1987, on the telephone of the St. Louis contact/supplier for John Alvin Payne. This contact was responsible for insuring that the St. Louis drug traffickers received delivery of the Cocaine shipped to St. Louis. This same contact was responsible for collecting hundreds of thousands of dollars from the St. Louis dealers for the drug shipments, then making sure John Alvin Payne received those funds.

Eventually, that Organized Crime Drug Enforcement Task Force investigation, (Task Force Case SC-MOE-031), resulted in the interruption and seizure of a ten kilo Cocaine shipment to the St. Louis Metropolitan Area. On March 25, 1987, following the delivery of Cocaine, (still packaged in foreign wrapping), from Los Angeles to St. Louis, several persons were taken into custody. Following that seizure and arrests, over one hundred law enforcement officers, consisting of the St. Louis Metropolitan Police Department, Special Agents of the FBI, IRS-CID, and DEA, participated in the execution of fourteen search warrants in the St. Louis Metropolitan Area

and four search warrants in Los Angeles, California, which were executed simultaneously.

As a result of this investigation the following properties were seized for eventual forfeiture:

Cache Inn Motel, located in Los Angeles, California. This was the base of the drug distribution operations of John Alvin Payne and his twin brother Thomas Ervin Payne (also indicted as a co-defendant). The Payne Brothers are the principle owner of this business, however it was filed under the name of a nominee. Valued at approximately $2.5 million.

The residence of John Alvin Payne, Los Angeles, California. Listed under the name of a nominee. Valued at approximately $275,000.00.

Escrow account containing $50,000.00. Payne was in the process of purchasing another motel for several million dollars.

Five rehabilitated rental properties located in St. Louis, as investment properties. Payne had invested $160,000.00 in cash in the purchase and construction of these properties in 1986.

A late model Chevrolet, Corvette, belonging to John Alvin Payne was also seized.

Also seized as a result of the investigation and search warrants

executed at private residences, businesses, and bank safe deposit boxes were: $35,000.00 in United States Currency, numerous items of expensive jewelry, furs, firearms, Cocaine, and numerous vehicles.

Because the Payne Organization had reached a high level of distribution of large amounts of high-grade bulk Cocaine to not only St. Louis drug traffickers on a bi-weekly average, but, those drug traffickers in the Mid-West who travelled to Los Angeles, the need arose to conceal those huge drug profits. It was determined that the Payne Brothers used the Cache Inn Motel and World Class Auto Sales, not only as a base of operations, but a method of laundering illegal drug profits. Rehabilitated and rental properties in Los Angeles and St. Louis, and the intended purchase of an additional motel in Los Angeles were also used/ to be used to launder drug profits.

In June 1987, a Federal Grand Jury returned a twenty three count indictment, superceded by a thirty count indictment in September 1987, charging fifteen people in a Conspiracy, Possession with the Intent to Distribute Cocaine, Federal Tax Law Violations and Continuing a Criminal Enterprise. That investigation also resulted in the seizure of several million dollars in real estate properties, currency, and vehicles. The investigation disclosed a fairly sophisticated method of money laundering through business and rental properties to conceal the profits gained through illegal drug trafficking. That thirty count indictment naming fifteen defendants in this Task Force Case is set for trial on April 25, 1988. Following that trial, an additional twenty persons face a similar indictment as a result of the investigation. This investigation disclosed that, (the Payne Brothers as a major Cocaine source), several hundred people were influenced/affected by the drug distribution network of this organization

(See attachment for Organizational Chart).

This task force case just described is typical of some present ongoing investigations. Also typical of this investigation is the cooperative nature in which our Department and the local office of the federal law enforcement agencies conduct investigations of mutual concern. As an added note, this Department receives fine cooperation from the Drug Task Force Office and the entire office of the United States Attorney-Eastern District of Missouri. The success of all the completed investigation described herein would not have been possible had it not been for the complete cooperation of the United States Attorney's Office. That OCDETF concept not only authorized special federal deputation for the St. Louis Police Officers assigned to the Task Force Case, but also provided funding through this program for reimbursement of hundreds of hours of case related overtime and thousands of dollars for expenses related to the investigation, (i.e., travel, lodging, etc.). This concept of cooperative law enforcement through the Organized Crime Drug Enforcement Task Force, and the funding that is made available through that program made the John Alvin Payne investigation a success. Without all those factors, the investigation would not have had those fine results.

Respectfully,

Lieutenant John M. Letz, Commander

Sergeant Harry B. Hegger, Supervisor

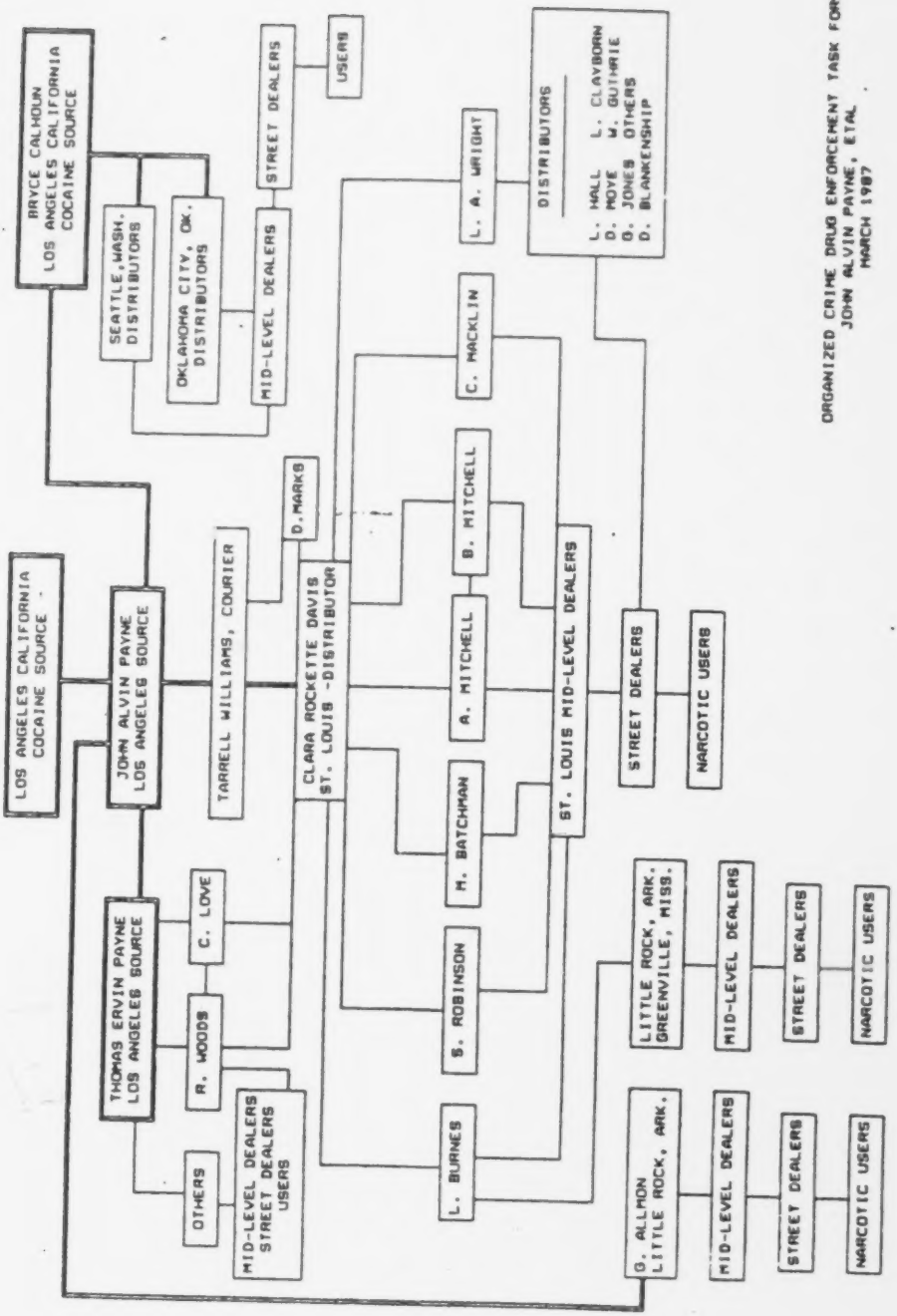

BRYCE CALHOUN
LOS ANGELES CALIFORNIA
COCAINE SOURCE
SEATTLE, WASH.
DISTRIBUTORS
OKLAHOMA CITY, OK.
DISTRIBUTORS
MID-LEVEL DEALERS
STREET DEALERS
USERS
LOS ANGELES CALIFORNIA
COCAINE SOURCE
JOHN ALVIN PAYNE
LOS ANGELES SOURCE
TARRELL WILLIAMS, COURIER
D. MARKS
CLARA ROCKETTE DAVIS
ST. LOUIS -DISTRIBUTOR
L. A. WRIGHT
C. MACKLIN
B. MITCHELL
A. MITCHELL
DISTRIBUTORS
L. HALL L. CLAYBORN
D. MOYE W. GUTHRIE
O. JONES OTHERS
D. BLANKENSHIP
THOMAS ERVIN PAYNE
LOS ANGELES SOURCE
C. LOVE
R. WOODS
OTHERS
MID-LEVEL DEALERS
STREET DEALERS
USERS
M. BATCHMAN
S. ROBINSON
L. BURNES
ST. LOUIS MID-LEVEL DEALERS
STREET DEALERS
NARCOTIC USERS
LITTLE ROCK, ARK.
GREENVILLE, MISS.
MID-LEVEL DEALERS
STREET DEALERS
NARCOTIC USERS
G. ALLMON
LITTLE ROCK, ARK.
MID-LEVEL DEALERS
STREET DEALERS
NARCOTIC USERS
ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCE
JOHN ALVIN PAYNE, ETAL
MARCH 1987

EXHIBIT NO. 50

# CITY OF PHILADELPHIA

POLICE DEPARTMENT
HEADQUARTERS, FRANKLIN SQUARE
PHILADELPHIA, PENNSYLVANIA 19106

KEVIN M. TUCKER
Commissioner

January 19, 1988

RECEIVED BY
SENATE PERMANENT
SUBCOMM. ON INVESTIGATIONS
JAN 25 1988
MAJORITY OFFICE

The Honorable Sam Nunn
United States Senate
Chairman, Committee on Governmental Affairs
Senate Permanent Subcommittee on Investigations
Washington, DC 20510-6250

Dear Senator Nunn:

Thank you for your letter dated December 17, 1987, requesting information regarding the organized criminal activity of the La Cosa Nostra Family in the Philadelphia region.

Enclosed is an overview of this activity prepared by the Special Units of the Philadelphia Police Department charged with the responsibility of monitoring and investigating organized crime members and associates in our city.

As you will see from this report, the Philadelphia Police Department has recently experienced great success in participating in the arrest and prosecution of major crime figures in the local La Cosa Nostra. I firmly believe that this success is the result of the Joint Task Force approach which combines the talents and resources of local, state and federal agencies.

This "multi-agency" attack on organized crime supplements and complements each agency's expertise and resources. Additionally, this approach expands the judicial forum in which law enforcement officials can successfully prosecute these individuals.

This overview of criminal activity of the Philadelphia La Cosa Nostra is not representative of the various ethnic/national groups which presently engage in organized crime. Nor does this overview attempt, in any way, to derogate the legion of achievements and contributions that Americans of Italian descent have provided and continue to provide our country.

In closing, we of the Philadelphia Police Department are available to provide any additional information or testimony that you may deem necessary.

Sincerely,

KEVIN M. TUCKER
Commissioner

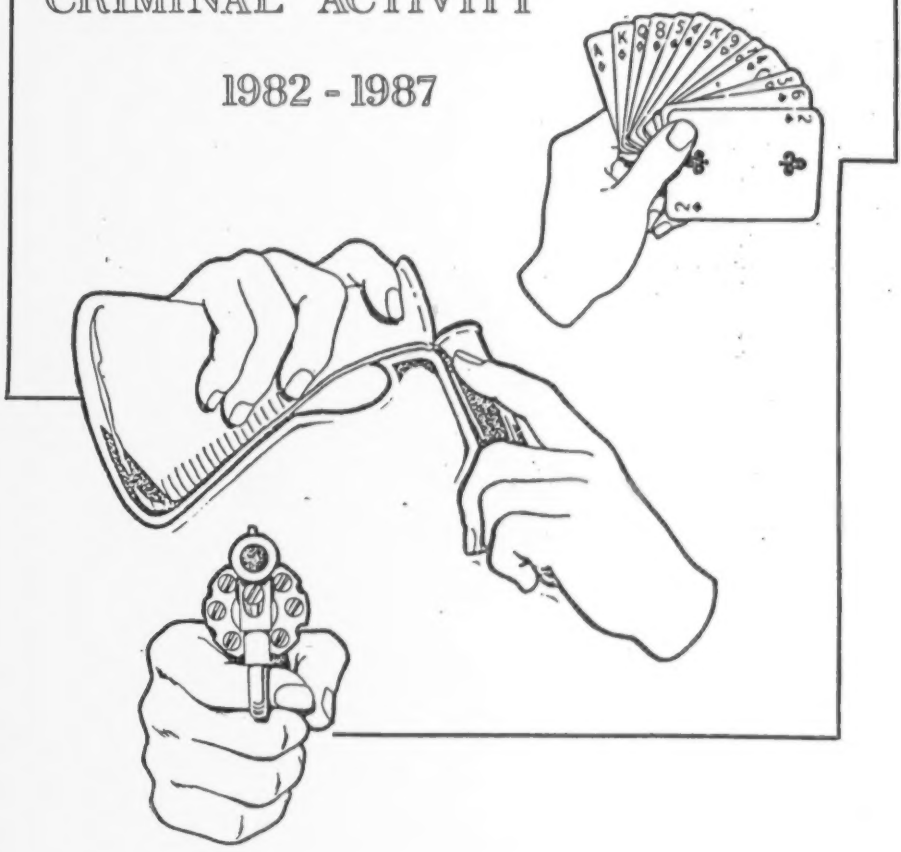
KMT:nm
Enclosure

★ KEVIN M. TUCKER ★

★ Police Commissioner ★

1 · 19 · 1988

# OVERVIEW OF THE PHILADELPHIA LA COSA NOSTRA CRIMINAL ACTIVITY 1982 - 1987



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VII. LA COSA NOSTRA ACTIVITY 1982 - 1987

VIII. CONCLUSION

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## I. HISTORY, PROBLEMS, AND POWER STRUGGLES

A modern day history of the Philadelphia La Cosa Nostra (LCN) Family would begin with the elevation of Angelo Bruno to the position of "Mob Boss" in the year of 1959. The infamous mob conference held in Appalachin, New York on November 14, 1957, resulted in the existing Philadelphia Mob Boss, Joseph Ida, fleeing America in fear of government prosecution. In his absence, Angelo Bruno was able to peaceably lay claim to the Philadelphia LCN Family.

On the surface, Angelo Bruno ruled the LCN Family with patience, tact and diplomacy for more than 20 years. So efficient and uneventful was his reign, that Mob watchers began to view the Philadelphia LCN as a group of aging and benevolent businessmen who conducted social gatherings somehow connected with the "innocent" vice of gambling.

That mistaken illusion of innocence was permanently shattered on March 21, 1980, when a double barrel shotgun blast was discharged into the back of the head of Angelo Bruno as he sat in a car near his modest rowhome in South Philadelphia.

This event irrevocably dispelled the myth that any LCN Family, even the family of Angelo Bruno, could remain forever non-violent. Within one short year, the entire hierarchy of the ruling mob had been eliminated. In addition to the murder of Bruno, his consigliere - Antonio Caponigro, Caponigro's brother-in-law, Alfred Salerno and Caporegimes, John Simone and Frank Sindone were all murdered. Their bodies were either mutilated or stuffed in

plastic trash bags and dumped on debris-strewn lots. The condition of their bodies bore mute testimony to the low esteem in which their murderers held them. The unmistakeable symbolism of torn twenty dollar bills, stuffed into the body cavities of Caponigro and Salerno, led investigators to conclude that their greed and avarice had contributed to their deaths.

At the close of 1980, warring factions of the LCN family eliminated the Bruno ties to organized labor with the assassination of union leader, John McCullough. This close associate of Bruno was murdered in the kitchen of his own home before the horrified eyes of his wife by a mob assassin disguised as a flower deliveryman. Thus, after 20 years of relative tranquility, the Philadelphia LCN Family entered into an era of internal violence. This violence culminated in the murder of the head of the LCN, his consigliere, two major capos, the leader of the mob's lucrative gambling enterprise, and the most influential City labor leader with unmistakeable ties to organized crime.

After the death of McCullough, an uneasy truce seemed to settle on the divided factions of the Philadelphia LCN. For the next year, the LCN seemed to conduct their activities in a "business as usual" manner while law enforcement officials were hardpressed in finding information which would lead to the arrest of the perpetrators.

In the wake of the Angelo Bruno murder, his underboss, Philip "Chickenman" Testa, ascended to the rank of boss of the Philadelphia LCN family.

During Testa's short-lived reign, violence seemed to subside except for the murder of a low-level mob enforcer named Frankie Stilitano.

However, this undeclared truce was broken on March 15, 1981, when a bomb composed of 20 sticks of dynamite, roofing nails and B-B shot was detonated by remote control as Philip Testa was about to insert his house key into the front door of his home. The ensuing blast killed Testa and ushered in a wave of violence which was presided over by Testa's successor to the LCN Family, Nicodemo "Little Nicky" Scarfo.

Investigators now believe the murders of Angelo Bruno, Antonio Caponigro, Alfred Salerno, John Simone and Frank Sindone occurred as a result of an internecine war. An attempt by Caponigro to take over the mob and his failure to gain the support of the ruling mob families, resulted in his death and the death of his supporters.

The murder of Bruno's successor, Philip Testa, resulted from the unchecked ambition of his underboss, Peter Casella. Casella's unsuccessful attempt to take control the Philadelphia Family precipitated the bombing of Philip Testa at his home. Casella died of natural causes while in exile.

During prior mob regimes, mob assassinations were ordered to advance the interests and influence of the organization. However, during Scarfo's tenure as crime boss, mayhem and murder were not a means to an end, but an end in itself.

Source information indicates that these Mob murders (approximately 21 ) committed during Scarfo's reign were directed for vague and ill-defined reasons, such as implied grievances, insults either real or imagined, or simply because those who ordered these deaths could do so with impunity.

In all probability, this senseless level of violence, more than any other factor, caused disruption, dissatisfaction and defection within the Scarfo Family. Members of the Scarfo Family who incurred the disfavor of "Little Nicky" knew there could be no appeal from his wrath and ultimately fled for their lives to seek the protection of the government.

The defections of these family members have greatly contributed to the collective knowledge of the LCN by Law Enforcement officials and thereby enhanced prosecutorial efforts against the entire Scarfo organization.

Today, the future of the Philadelphia LCN is in grave doubt. Its direction is inextricably tied to the fortune of its boss, Nicodemo Scarfo who faces seemingly insurmountable legal obstacles. In addition to being convicted of Federal Racketeering charges, Scarfo currently stands accused of directing the murders of two Philadelphia mob members and for the involvement in fourteen additional mob related murders.

On January 11, 1988, Scarfo and eighteen members of his inner circle were charged in a Federal Racketeering Influence and Corrupt Organization case (RICO). This case lists thirty-six racketeering acts.

In spite of this success, law enforcement officials must remain vigilant. It would be extremely naive to believe the end of organized crime is at hand. Many now stand in line awaiting their opportunity to pick up where Scarfo left off. Enormous amounts of revenue are at stake. Authorities must engage in an all out effort, united in their determination, to prevent any individual or group from ever again establishing such a violent organization.

## II. CURRENT OPERATIONS

The ongoing gambling operations conducted by the Philadelphia LCN is the fundamental source of income which supports various LCN criminal activities.

Gambling operations such as: numbers, sports-betting, horse wagering, etc. has provided the financial wherewithal through which the purchase and importation of the key element of methamphetamine P2P (Phenyl-2-Propanone) is made possible.

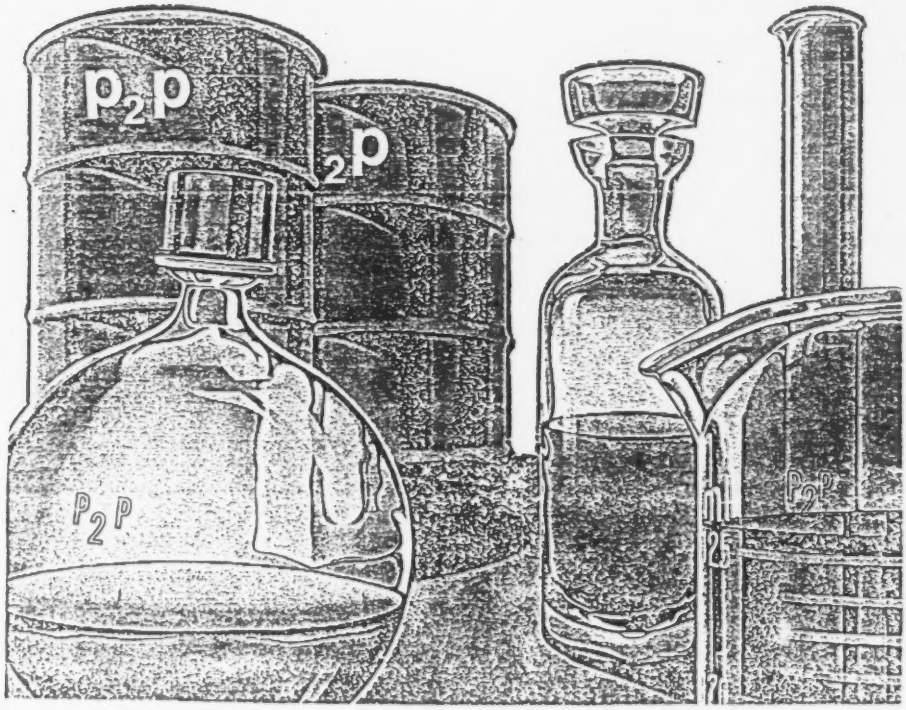
The Philadelphia LCN Family sought to monopolize the acquisition, distribution, and sale of this key element, thereby, establishing a stranglehold on the methamphetamine market in the Philadelphia region. Additionally, the LCN collects a "street tax" on the proceeds received by the dealers of methamphetamine.

The illustration on the following page demonstrates how gambling operations finance the major criminal acitivity of the Philadelphia LCN.

GAMBLING OPERATIONS PROCEEDS INVESTED IN PURCHASE OF $P_2$ P

SALE AND DISTRIBUTION OF THE KEY ELEMENT $P_2$ P TO NARCOTIC WHOLESALERS

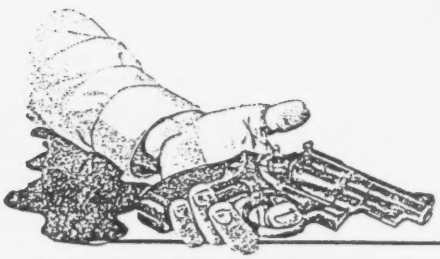
STREET TAX IMPOSED ON NARCOTICS SALES



# ORGANIZED CRIME/ INTELLIGENCE UNIT

SPECIAL INVESTIGATIONS UNIT NARCOTICS

CITY WIDE VICE UNIT



HOMICIDE TASK FORCE

The following Philadelphia Police Department units are charged with the responsibility of investigating organized crime activity:

A. ORGANIZED CRIME/INTELLIGENCE UNIT - This unit gathers, collects, and disseminates intelligence information concerning organized crime activity in the Philadelphia Region. Information is provided to investigators and to other Law Enforcement Agencies. This unit is the lead agency for all Philadelphia Special Units investigating organized crime activity and coordinates Task Force activities and provides manpower to assist other investigative units.

B. HOMICIDE TASK FORCE - Composed of members of the Philadelphia Police Department Homicide Unit, Organized Crime/Intelligence Unit, Federal Bureau of Investigation, Pennsylvania State and New Jersey State Police. This Task Force investigates murders of Philadlephia LCN Family members and associates.

C. SPECIAL INVESTIGATIONS UNIT (SIU) NARCOTICS - Investigates major suppliers of narcotics and the distribution locations. SIU coordinates investigations with Federal and regional Drug Law Enforcement Agencies.

D. CITY WIDE VICE - Enforcement of gambling, prostitution, and liquor laws. and acts on intelligence information received from the Organized Crime/Intelligence Unit.

IV. JOINT FEDERAL/PHILADELPHIA POLICE HOMICIDE TASK FORCE REPORT

A. PREFACE: ORGANIZED CRIME ACTIVITIES AND GROUPS

B. TASK FORCE

1. PAST: HISTORY AND ACCOMPLISHMENTS

2. PRESENT: STATUS AND EVALUATION

C. RECOMMENDATION TO FUTURE COMMITMENT

D. CONCLUSION

A. PREFACE

Organized Crime is a constantly changing subculture in our society influenced by many factors. It is important to realize that anything written or reported about organized crime today may not be accurate tomorrow.

The illegal activities associated with organized crime include, but are not limited to: gambling, drug trafficking, loansharking, extortion, prostitution, and murder. Trafficking in illegal drugs and murder have become a major source of power and wealth for the SCARFO Philadelphia (LCN) Crime Family. This realization of wealth generated from drug trafficking prompted the SCARFO Family, in 1985, to attempt to control overall P2P importation and distribution. P2P (Phenyl-2-Propanone) is a major precursor in the manufacturing of Methamphetamine. The "MOB"* also intended to levy a "street tax" on all Methamphetamine sold in Philadelphia.

* (The MOB, in this section of the report, refers to the Scarfo LCN Crime Family).

No one group, though, has a monopoly on organized crime activities, but many continue to strive for more power and wealth. Known Organized Crime groups operating in the Philadelphia area include the La Cosa Nostra (Scarfo Family), the Sicilian Mafia, the Jamaican "Shower Posse," the "Family," and others along ethnic and racial backgrounds. Current turmoil within the Scarfo Crime Family makes it possible for these and other independent groups to expand their activities without fear of harassment from the "Mob."

In the event current and future prosecutions against Scarfo and his top lieutenants are successful, a new boss will emerge. Meanwhile, despite the problems facing the Scarfo Family, other family members and associates will attempt to control their illegal activities in Philadelphia.

It is crucial at this time for the Philadelphia Police Intelligence and Organized Crime Units and City-Wide Vice Units to properly identify emerging organized crime groups and document their status, structure, strength, and potential, as well as their cooperative or violent interaction with other groups. Due to the magnitude of organized crime, no single law enforcement agency is capable of designating sufficient resources to totally eradicate organized crime. Therefore, a joint investigatory effort, involving all law enforcement agencies, must be more comprehensively developed.

B. TASK FORCE

1. PAST: History and Accomplishments

In April 1982, then Police Commissioner Morton B. Solomon, met with Special Agent In Charge John Hogan of the FBI, for the purpose of forming a LCN Homicide Task Force. The Task Force, consisting of five Philadelphia Police Homicide Detectives and two FBI Agents, began investigating the unsolved LCN murders, which began on March 21, 1980, with the shotgun slaying of Family Boss Angelo Bruno.

From March 21, 1980 thru March 1982, approximately eighteen persons associated with the Philadelphia LCN were killed. Those victims found in Philadelphia and the resultant investigations were turned over to the newly formed Task Force in April 1982. These homicide investigations included the following reputed LCN members and associates:

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| ANGELO BRUNO | 3/21/80 |
| ALFRED SALERNO | 4/19/80 |
| ANTONIO CAPONIGRO | 4/21/80 |
| JOHN SIMONE | 9/18/80 |
| FRANK SINDONE | 10/30/80 |
| JOHN McCULLOUGH | 12/16/80 |
| FRANK STILLITANO | 2/26/81 |
| PHILIP TESTA | 3/15/81 |
| STEVE BOORAS | 5/27/81 |
| JENETTE CURRO | 5/27/81 |

| | |
|---|---|
| JOHN CALABRESE | 10/6/81 |
| FRANK NARDUCCI | 1/7/82 |
| DOMINIC DEVITO | 2/25/82 |
| ROCCO MARINUCCI | 3/15/82 |
| FRANK MONTE | 5/13/82 |
| ROBERT HORNIKEL | 1/27/83 |
| PASQUALE SPIRITO | 4/29/83 |
| SALVATORE TAMBURRINO | 11/3/83 |
| ROBERT RICCOBENE | 12/6/83 |
| SALVATORE TESTA | 9/14/84 |
| FRANK D'ALPHONSO | 7/23/85 |

Prior to the formation of the Task Force, Howard Dale Young plead guilty to third degree murder in the JOHN McCULLOUGH case and implicated Williard Moran as the shooter. Moran was subsequently convicted of first degree murder, and within weeks, began cooperating with the Homicide Task Force. Moran's cooperation resulted in the arrest and conviction of Raymond Martorano and Albert Daidone for first degree murder in the follow-up McCullough trial. John McCullough, head of the local Roofer's Union, had been a close associate of Angelo Bruno. After Bruno's death, McCullough fell out of favor with the LCN because of his union activities in Atlantic City.

Within months of its inception, the Homicide Task Force arrested Teddy DiPretoro for the murder of reputed Philadelphia Crime Boss PHILIP TESTA. DiPretoro plead guilty and in turn implicated Rocco Marinucci as the person who detonated the explosive device that killed the elder TESTA. Rocco Marinucci, himself, was later found dead with firecrackers stuffed in his mouth. In addition to the Testa murder, DiPretorio plead guilty to killing Edward Bianculli (not mob related) and implicated Michael Rinaldi. Rinaldi, later convicted of first degree murder in the case, is currently serving a life sentence, as is DiPretoro. Shortly after the murder of Phil Testa, Nicodemo Scarfo was named as "Boss" of the Philadelphia LCN.

By mid 1982, friction between Scarfo and a faction headed by Harry Riccobene resulted in a "hit list" being placed on the Riccobene clan. In an attempt to strike first, on May 13, 1982, the Riccobene faction killed FRANK MONTE, Scarfo's Consigliere, as he walked near his home. A month later, Harry Riccobene was wounded, in a retaliatory assassination attempt, as he stood by a phone booth. In retaliation, on July 31, 1982, Salvatore Testa was shot as he stood on a street corner in the Italian Market. The young Testa, son of slain former Boss Philip Testa and a close ally of Nicodemo Scarfo, was shot and wounded by Riccobene associates, Joseph Pedulla and Victor DeLuca. As a result of their conviction, DeLuca was sentenced to 17 1/2 years to 35 years in prison. Joseph Pedulla, prior to sentencing, agreed to cooperate with

the Homicide Task Force and implicated himself, Victor DeLuca, Joseph Casdia, Vincent Isabella, and Harry and Mario Riccobene for the murder of Frank Monte. The participants were arrested on March 20, 1984.

On November 19, 1984, Harry Riccobene and Joseph Casdia were convicted of first degree murder, and both are currently serving life sentences. Vincent Isabella was convicted of third degree murder. Joseph Pedulla, Victor DeLuca, and Mario Riccobene plead guilty and testified for the prosecution.

On August 21, 1982, three weeks after the Sal Testa shooting, Harry Riccobene was shot at a second time as he sat in his car. Riccobene was not injured as the masked gunman missed and fled on foot. From this point in time, and up until Scarfo was released from prison on January 20, 1984, this period has become known as the "RICCOBENE WARS." Fortunately for Harry Riccobene, he was jailed on January 10, 1983, and survived the ensuing onslaught on his associates.

On April 29, 1983, PASQUALE SPIRITO, a one-time Riccobene loyalist was shot and killed inside his auto for his refusal to set up and kill Mario Riccobene.

On October 14, 1983, FRANK MARTINEZ, a Riccobene associate, was shot as he entered his pickup truck.

On November 3, 1983, SALVATORE TAMBURRINO, another Riccobene associate, was shot and killed inside his grocery store.

On December 6, 1983, ROBERT RICCOBENE, was gunned down as he walked toward his residence.

Other Riccobene associates on the "hit list" were spared as the list was terminated after Scarfo was released from prison in January 1984, ending the "RICCOBENE WARS." Then in March of 1984, Harry Riccobene and the other participants in the Frank Monte murder (previously mentioned) were arrested, virtually ending the Riccobene faction of the Philadelphia LCN.

On September 14, 1984, the blood-soaked body of SALVATORE TESTA was found dumped along a rural roadway in New Jersey, bound with rope and covered with a blanket. The 28-year-old Testa had risen swiftly in the Philadelphia LCN, first being "made" by his father, then being elevated to Capo by Scarfo. It is alleged that Testa had fallen out of favor with Scarfo because of his cockiness and his unwillingness to maintain a low profile. There was rumors that Testa was amassing a small army and he would have eventually attempted a takeover of the family.

On July 23, 1985, FRANK D'ALFONSO, a close associate of slain mob Boss Angelo Bruno, was shot and killed outside a variety store in South Philadelphia. It is alleged that D'Alfonso was shot because of his refusal to show proper respect to the Boss, Nicodemo Scarfo.

On May 27, 1986, STEVE VENTO JR., was wounded as he sat in a car with a friend. It is believed that Vento Jr., son of convicted drug kingpin Steve Vento, Sr., was shot as part of the Mob's attempted takeover of the methamphetamine distribution in Philadelphia.

In November 1986, as a result of separate arrests, Thomas DelGiorno and Nicholas Caramandi began cooperating with authorities. DelGiorno, a Capo in the Scarfo LCN Crime Family, began cooperating with the New Jersey State Police after his arrest in "Operation Tigershark." Caramandi, a soldier in the Scarfo Family, began cooperating with the FBI and the Homicide Task Force after his arrest for extortion of developer Willard Rouse. As a result of such continuous operations, the Homicide Task Force, as well as others, have made numerous arrests at the local and federal levels of high-level members of the Scarfo LCN Family. To date, Nicodemo Scarfo has been convicted of extortion in federal court. At the local level, Scarfo and his top lieutenants have been indicted, and presently are incarcerated awaiting trial for the murders of Salvatore Testa and Frank D'Alfonso.

Besides assisting in the preparation of the local murder cases, the Task Force has been assisting in the U. S. Attorney's Strike Force in preparing for the Federal RICO indictment, which was issued on January 1, 1988,. This RICO indictment includes the charges of Gambling, Loansharking, Extortion and Murder against Scarfo and eighteen associates.

2. PRESENT: Status and Evaluation

In January 1987, the mandate for the Joint Homicide Task Force was expanded to include investigation of gambling, loansharking, and extortion activities of the Philadelphia LCN. The makeup of the Task Force also expanded to now include one Philadelphia Police Lieutenant (Supervisor), four Philadelphia Police Homicide Detectives, two Philadelphia Police Organized Crime Unit Police Officers, two Pennsylvania State Police Troopers, and four FBI Agents. The Task Force has also maintained a liaison with the New Jersey State Police and the New Jersey Attorney General's Office. The expanded investigations into gambling has led to the voluntary cooperation of two additional associates of the Philadelphia LCN.

To summarize, the Joint Homicide Task Force was formed to investigate, in the words of many, "unsolvable" murders. To date, fourteen associates have either plead guilty or have been convicted of mob-related shootings. Approximately fifteen LCN members, including reputed Philadelphia Crime Boss Nicodemo Scarfo, are awaiting trial for murder and racketeering. Thanks to dedicated and professional investigators, we are beginning to reap the fruits of their labor.

The Task Force's success can be attributed to its ability to develop cooperating witnesses as well as its ability to rise above petty inter-agency jealousies for the sake of getting the job done. Also, particularly during the past year, the Task Force has developed and maintained a close working relationship with the following law enforcement agencies:

Pennsylvania State Police Bureau of Criminal Investigations at Belmont Barracks; the New Jersey State Police Intelligence Unit at Bellmawr; the Pennsylvania Crime Commission; the New Jersey Attorney General's Office; the Metro Organized Crime Unit in Fort Lauderdale, Florida; and the Philadelphia Police Department's Organized Crime Unit.

Due to this network of dedicated law enforcement professionals and their willingness to share expertise and information, law enforcement agencies in the Philadelphia/South Jersey area have become more effective and efficient in their fight against organized crime.

C. RECOMMENDATION TO FUTURE COMMITMENT

For the future, the multi-agency Task Force concept is essential. It allows for lengthy quality investigations, aimed at the hierarchy of the group, by dedicated professionals whose shared expertise will result in higher conviction rates and longer jail terms. The Task Force also collectively pools adequate manpower and equipment without draining the resources of any one agency and avoids a duplication of investigatory efforts. Additionally, the Task Force allows for increased use of electronic surveillance and enables better coordination with investigators and prosecutors. The Task Force "team effort" approach against organized crime activity is conducive towards fostering the individual integrity of the members of the Task Force.

D. CONCLUSION

Without constant pressure from law enforcement, organized crime is able to increase its criminal activities, as well as expand into legitimate businesses. This increased activity in turn leads to violence, public corruption, and community breakdown of trust and confidence in the Criminal Justice System. Gambling is still a significant source of revenue for organized crime, yet arrests are decreasing, prosecutions are minimal, and very few participants are found guilty. A more comprehensive investigation into gambling and other illegal activities, conducted by a Task Force, will provide effective implementation of the State and Federal RICO Statutes

V. NARCOTICS - SPECIAL INVESTIGATIONS UNIT (S.I.U.) REPORT

Since the Fall of 1984, the Narcotics Special Investigation Unit has been actively involved in several major investigations directed at reputed members and/or associates of the Philadelphia LCN Family.

The following persons have been the subject of joint investigations conducted by the Philadelphia Police Force and these agencies:
DEA, FBI, IRS, U.S. Customs Service, ATF, U.S. Attorney's Office, Philadelphia District Attorney's Office, Pennsylvania Attorney General's Office, Pennsyvlania State Police, Gloucester County Prosecutor's Office, New Jersey State Police, Federal Republic of Germany's B.K.A., and the Belgian Police Judicare.

Subjects of Investigations since Fall of 1984:

A. NICODEMO SCARFO

B. JOSEPH PUNGATORE

C. JOHN A. RENZULLI

D. MICHAEL FORTE

E. THOMAS PASHA

These investigations have shown that reputed members and associates of the Philadelphia LCN Family, headed by Nicodemo Scarfo, have taken control of the distribution and manufacturing of methamphetamine and the importation of P2P, the key ingredient which was used to manufacture hundreds of pounds of methamphetamine yielding profits of millions of dollars to this organization.

This control reached down to the middle levels of distribution in the city of Philadelphia, where members of this family were charging a street tax on every gallon of P2P and pound of methamphetamine sold through their associates. In turn, the money that was collected from this illegal activity was passed up the chain of command, yielding all members a substantial profit.

The evidence that has been obtained against this organization has been the result of an all-out, combined effort by the aforementioned agencies.

Up to the present time, the Philadelphia Police Narcotics Unit participated in investigations which have led to the arrest of sixty-three persons.

Those arrested included Nicodemo Scarfo, his Underboss, Capos, and several soldiers of his family. They have been charged in Federal Court with Continuing Criminal Enterprise, Conspiracy, and Distribution of P2P.

Seized as a result of these investigations have been the following:

1. 262 gallons of P2P, which could convert into 2,620 pounds of uncut methamphetamine worth an approximate street value of $26 million.
2. 86 pounds of methamphetamine - approximate street value $860,000.
3. 8 pounds of cocaine - approximate street value $96,000.
4. 5 methamphetamine labs
5. $625,000 in U.S. Currency
6. Houses, boats, cars, jewelry, and life insurance estimated to be worth approximately several million dollars.

Additionally, on January 11, 1988, nineteen reputed Philadelphia LCN members/associates were indicted in the 3rd U.S. District Court under Federal RICO. Included in these indictments were the Philadelphia Mob Boss, Underboss (past and present), 3 Capos, and 13 soldiers.

## VI. CITY WIDE VICE REPORT

The Philadelphia City Wide Vice Unit reports that from 9/22/84 to 11/24/87, Philadelphia Police have participated in the arrests of seven 7 reputed LCN Family members and forty-thrre reputed LCN Family associates for gambling offenses. The arrests netted $133,500 in illegal lottery; $5,275 sports betting, $3,107,000 lottery tally, and $45,526 in U.S. Currency.

Fifteen of those arrested were as a result of a joint investigation with the NJSP - "Operation Tigershark." This operation was conducted from July 1986 through to December 1986 and was led by the New Jersey State Police with members of the Philadelphia Police Department participating. Court-ordered electronic surveillances, shared information, joint investigations/efforts, and manpower were the successful ingredients of this operation.

## VII. LA COSA NOSTRA ACTIVITY - 1982 TO 1987

The following is a chronological list of major events involving La Cosa Nostra in the Philadelphia area between 1982 and 1987:

1/4/82 Salvatore Scafidi, reputed Mob member, was arrested by Philadelphia Police on Gambling charges.

1/7/82 Reputed LCN member Frank "Chickie" Narducci, was shot to death on the highway at 13th and Curtain Streets. Investigation of this case is continuing between the Homicide Task Force and the New Jersey State Police (NJSP).

2/25/82 The body of a close reputed Mob associate, Dominic "Mickey Diamond" DeVito, was found in the trunk of his car at 9th and Bainbridge Streets. This is an active investigation, with cooperation between the Homicide Task Force and the New Jersey State Police.

3/14/82 The body of Rocco Marinucci was found shot to death on the highway at 8th and Cross Streets. Marinucci was a close associate of reputed LCN member, Pete Casella. Marinucci was also named as a co-conspirator by Theodore DiPretoro who has admitted playing a part in the nail bomb murder on March 5, 1981, of Philip "Chickenman" Testa, who was successor to Angelo Bruno as Boss of the Philadelphia LCN. DiPretoro is in the Witness Protection Program. The Marinucci homicide investigation is still active, with cooperation between the Homicide task Force and the New Jersey State Police (NJSP).

5/13/82 Frank Monte was shot to death on a gas station parking lot, 2900 South 70th Street. Monte served as a Consigliere and Underboss to Philip Testa and as Underboss for Nicodemo Scarfo briefly before his demise. The joint investigation resulted in the arrest and conviction of the following: Harry Riccobene, reputed LCN member, and Mob associates Mario Riccobene, Vincent Isabella, Joseph Casdia, Victor DeLuca, and Joseph Pedulla. All of these subjects are serving jail terms for this homicide. Arrests were made by the Homicide Task Force.

6/8/82 Reputed Mob member Harry "The Hunchback" Riccobene was shot and wounded inside a phone booth at 2500 South 74th Street. This case is still active and being investigated by the Philadelphia Police Department.

6/30/82 Raymond "Long John" Martorano, reputed LCN member, indicted for drug violations and convicted. This was a joint DEA and Philadelphia Police Department investigation.

7/31/82 Reputed LCN member, Salvatore Testa, was shot and wounded on the highway at 9th and Christian Streets. The assailants, Joseph Pedulla and Victor DeLuca, were captured after a high-speed chase by Philadelphia Police.

8/21/82 Reputed LCN member, Harry Riccobene, was fired upon while inside his auto at the intersection of Broad and Ritner Streets. Riccobene was not wounded during this attempt on his life. The case is still being investigated by the Homicide Task Force.

11/10/82 Jailed reputed LCN member, Raymond "Long John" Martorano, was indicted for the murder of Roofers' Union Boss, John McCullough, along with Mob associate Albert Daidone. Both were convicted and sentenced to life imprisonment. Investigation was conducted by the Philadelphia Police Department's Homicide Unit.

1/10/83 Reputed LCN member, Harry Riccobene, was arrested by Philadelphia Police for Firearms violations.

1/26/83 Investigation was begun using electronic surveillance methods with reputed Mob associate John Melilli targeted. This investigation resulted in arrests on December 9, 1983, for illegal gambling and Corrupt Organization. Melilli and fifteen associates were convicted of these charges. Investigation was conducted by the Philadelphia Police Department and Pennsylvania State Police.

1/27/83 The body of Robert Hornikel was found inside his auto in the 500 block of Bainbridge Street. Investigation revealed that he was shot to death by Donald DiCaprio, a reputed Mob associate. DiCaprio was arrested and subsequently convicted and sentenced to a twenty year term of imprisonment. The investigation was conducted by the Homicide Task Force.

4/17/83 Reputed Mob member, Larry "Yogi" Merlino, was arrested by Philadelphia Police for terroristic threats and found not guilty.

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| 4/29/83 | Pasquale "Pat the Cat" Spirito, reputed LCN member, was shot and killed inside his auto at 11th and Mifflin Streets. This investigation is still ongoing and is being conducted by the Homicide task Force. |
| 10/1/83 | Reputed LCN member, Charles "Charlie White" Iannece, was arrested by Philadelphia Police on gambling charges. |
| 10/14/83 | Reputed Mob associate, Frank Martinez, was shot and wounded on the highway at 9th and Morris Streets. This is still an active investigation being investigated by the Homicide Task Force. |
| 11/3/83 | Reputed Mob associate, Salvatore Tamburrino, was shot to death inside his store at 6324 Guyer Avenue. This is still an active investigation being conducted by the Homicide Task Force. |
| 11/5/83 | Reputed LCN member, Charles "Charlie White" Iannece, was arrested by Philadelphia Police on Gambling charges. |
| 12/6/83 | Robert Riccobene, half brother of reputed Mob member Harry Riccobene, was shot and killed outside his residence, 2723 Ploven Street. The investigation is still active and is being conducted by the Homicide Task Force. |
| 3/20/84 | Reputed LCN member, Harry Riccobene, along with reputed Mob associates Mario Riccobene, Vincent Isabella, Joseph Casdia, Victor DeLuca, and Joseph Pedulla were arrested, tried and convicted for the homicide of Frank Monte which occurred on May 13, 1982. The investigation was conducted by the Homicide Task Force. |
| 6/18/84 | Reputed Mob member, Salvatore Scafidi, was arrested and found guilty for Theft and Receiving Stolen Property by Philadelphia Police. |

9/14/84 Reputed Mob Capo, Salvatore Testa, son of former reputed Mob Boss Philip Testa, was shot and killed inside 1613 Passyunk Avenue. On April 4, 1987, reputed Mob Boss Nicodemo Scarfo, Underboss Phil Leonetti, former Underboss Salvatore Merlino, Mob Capo Francis Iannarella, and four other reputed Mob members were indicted in this murder. The trial is scheduled to begin in January of 1988. This was a result of a joint investigation between the Homicide Task Force and the New Jersey State Police (NJSP).

7/24/85 Reputed LCN associate, Frank "Frankie Flowers" D'Alphonso, was shot and killed on the highway at Percy and Catherine Streets. Indicted on 7/1/87, were reputed Mob Boss Nicodemo Scarfo, Underboss Phil Leonetti, and former Underboss Salvatore Merlino, Capo Franics Iannarella, and six other Mob members. Trial is scheduled for April 1988. This was a result of a joint investigation between the Homicide Task Force and the New Jersey State Police.

1/27/86 Electronic surveillance was begun on reputed LCN member, Joseph Pungitore's gambling organization by Pennsylvania State Police and the Philadelphia Police Department. This investigation has resulted Pungitore's arrest under the federal RICO statutes.

5/27/86 Steven Vento Jr., reputed Mob associate, was shot and wounded inside his auto. This is still an active investigation being conducted by the Philadelphia Police Homicide Task Force.

5/29/86 Reputed Mob associate, Louis Teti, was arrested by the Philadelphia Police Department for Fugitive Other Jurisdiction, along with reputed Mob associate Bernard Malseed. Both subjects were turned over to the NJSP.

11/3/86 Reputed Mob Boss Nicodemo Scarfo, Underboss Phil Leonetti, former Underboss Salvatore Merlino, Mob Capos Francis Iannarelli and Thomas DelGiorno, along with fifteen other reputed LCN members and Mob associates were arrested in "Operation Tigershark." A Grand Jury indictment resulted in gambling and conspiracy charges. These arrests were made through evidence obtained by electronic surveillance, which was conducted by the NJSP. Also cooperating in this investigation was the Philadelphia Police Department. This investigation is still active and is scheduled for trial sometime in early 1988.

4/9/87 Indictments and arrests were made on Nicodemo Scarfo, Phil Leonetti, Salvatore Merlino, and six other reputed Mob members for the September 14, 1984 homicide of Salvatore Testa. This was the result of joint cooperation between the Homicide Task Force and the New Jersey State Police.

5/29/87 Bernard Malseed, reputed Mob associate, was arrested for Fugitive Other Jurisdiction and turned over to NJSP by the Philadelphia Police Department.

6/18/87 Nicodemo Scarfo, Phil Leonetti, Salvatore Merlino, Francis Iannarella, Ralph Staino, John Renzulli, Angelo DiTullio, and twenty other defendants were arrested for drug trafficking by DEA, Philadelphia Police Department, and the FBI.

7/1/87 Indictments and arrests were made on Nicodemo Scarfo, Philip Leonetti, Frank Iannarella, and six (6) other reputed Mob members, for the Frank "Frankie Flowers" D'Alphonso homicide, which occurred on July 24, 1985. This was a joint investigation of the Homicide Task Force and the NJSP. Trial is scheduled for April 1988.

Indictments are expected to come down on many of the aforementioned cases. Much information has been obtained from Mob members who are now in the Witness Protection Program. Joint investigations are now in the process of being conducted by the Homicide Task Force and NJSP in an effort to corroborate testimony and gather evidence to bring these cases to fruitation.

## VII. CONCLUSION

The overview of the Philadelphia LCN activities is ample testimony to the insidious and violent nature of this organization and the successful efforts of the Joint Task Force concepts in combatting organized crime.

The Philadelphia Police Department's Joint Task Force attack on organized crime activity has resulted in the arrest and conviction of seventeen LCN members/associates for six murders. Also, thirteen LCN members/associates are presently being held without bail for the murders of two LCN members. Their trials are scheduled for the early part of 1988.

The multi-agency approach toward the identification, investigation and successful prosecution of the participants of organized crime must continue to be a priority of our Department and other law enforcement agencies involved.

# LOS ANGELES POLICE DEPARTMENT

EXHIBIT NO. 51

DARYL F. GATES
Chief of Police

TOM BRADLEY
Mayor

P. O. Box 30158
Los Angeles, Calif. 90030
Telephone:
(213) 485-5201
Ref #: 1.4.1

January 27, 1988

RECEIVED BY
SENATE PERMANENT
SUBCOMM. ON INVESTIGATIONS
FEB 1 - 1988
MAJORITY OFFICE

The Honorable Sam Nunn:
United States Senate
Committee on Governmental Affairs
Senate Permanent Subcommittee on Investigations
Washington, DC 20510-6250

Dear Senator Nunn:

In response to your letter dated December 17, 1987, we are pleased to provide the following information on organized crime activities in Los Angeles for use by your Subcommittee. Though not all-inclusive of our investigative activities between 1982 and 1987, our statement represents a cross section of the types of major crime we have been encountering and continue to experience within our jurisdiction. Examples of coordinated efforts between our Department and Federal and State law enforcement agencies are included.

The traditional organized crime problem in Los Angeles is unique in that it is relatively new and does not have the ethnically established neighborhood entrenchment as do New York, Chicago, Boston and other large cities. Although there has been a constant organized crime presence in Los Angeles dating back to Prohibition, organized crime has not gained a substantial foothold as it has in some East coast cities.

One reason why organized crime has not flourished in Los Angeles is the size of the City which encompasses more than 400 square miles. Another factor is the distance separating Los Angeles from the Eastern seaboard. The powerful East coast organized crime families are reluctant to invest too heavily in the Los Angeles area with little ability to oversee their operations. But the chief reason why organized crime has not gained a significant foothold in Southern California is because of the continual attention given to local organized crime figures by the Los Angeles Police Department and neighboring jurisdictions. That, coupled with a relatively corruption-free political system, has allowed the Department to pay close attention to organized crime influence in the City and prevent its expansion.

The Los Angeles Police Department is one of the few large city agencies that has devoted the necessary manpower to monitor organized crime activity. The Department achieves this goal through a specialized Division of 55 detectives. The Division (OCID) has achieved measurable success utilizing criminal and citizen informants, coupled with related surveillances and a variety of other investigative techniques. Additionally, the sharing of information and cooperative investigations with other local, state and federal agencies have resulted in the arrest and prosecution of a number of Los Angeles organized crime figures.

One such significant investigation occurred in 1984. After amassing considerable intelligence from informants, an intensive investigation was initiated by the Los Angeles Police Department focusing in on the so-called Los Angeles organized crime family. At the head of the family was Peter John Milano, a native of Cleveland, Ohio. Milano had structured a small organization of individuals with organized crime backgrounds from Buffalo, New York, Cleveland and New Jersey, as well as Los Angeles. The investigation indicated that a large number of bookmakers was being extorted by members of Milano's organization and forced to relinquish a major portion of their bookmaking operation to Milano's group.

The investigation was structured in a multi-phase task force concept in order to preserve the integrity of the effort. Along with the Los Angeles Police Department, the Los Angeles County Sheriff's Department and the Federal Bureau of Investigation participated. On October 28, 1984, Milano and 19 members of his organization were arrested.

In 1985, Peter Milano was again the focal point of an investigation initiated by the FBI. The Los Angeles Police Department assisted by contributing intelligence at the initial stages of the investigation. On May 21, 1987, Peter Milano, Carmen Milano (underboss) and Louis Gelfuso, a "capo", along with a number of other Milano crime family members, were indicted in federal court on violations of the RICO statute. Peter Milano is now in custody awaiting trial which is scheduled to begin in March, 1988.

Another significant investigation deals with members of several Eastern organized crime families moving to the Los Angeles area and infiltrating legitimate businesses. In March, 1987, the Los Angeles Police Department's Organized Crime Intelligence Division investigated the infiltration of the posh Malibu restaurant, "Splash", by organized crime figures with alliances to various crime families. The investigation quickly expanded to include the involvement of these same organized crime figures in several other Los Angeles area businesses. ZZZZ Best Company, Inc., the most prominent of these businesses, was a rapid-growth, carpet cleaning

establishment with plans to expand nationally. ZZZZ Best fraudulently claimed that it earned several million dollars from insurance restoration projects in different states. Organized crime involvement surfaced in Art World Industries, a recently incorporated Los Angeles clearing house for art objects. Art World Industries was entwined in the ZZZZ Best/Splash investigation through fraudulent stock manipulation by the same organized crime figures alluded to above.

The investigation determined that members and associates from the Bonanno, Colombo, and Genovese organized crime families had engineered a 100% hidden ownership interest in "Splash", the Malibu restaurant. This portion of the investigation ascertained that the organized crime figures were skimming profits from the restaurant and had fronted a legitimate businessman for the daily operation of the location. Evidence obtained from search warrants indicated that organized crime had long-range plans for "Splash" including a proposal to convert the restaurant and its surrounding, valuable real estate into a large hotel complex.

The same organized crime associates involved with "Splash" Restaurant also utilized a shell corporation to take ZZZZ Best and Art World Industries public through over-the-counter sales of stock. These organized crime figures purchased large blocks of worthless stock prior to establishing the shell corporation. The same stock was then sold at significantly higher values. This was accomplished through the inflation of stock values through fraudulent, registered statements within the business' prospectus.

In addition, the investigation determined that muscle was provided by Bonanno organized crime associates to "police" extortion attempts of ZZZZ Best principals by Chicago crime syndicate associates and members of Peter Milano's Los Angeles crime family.

Through the coordinated efforts of the U.S. Attorney, FBI, SEC, IRS and the California State Attorney General, indictments were obtained and, in January, 1988, 12 individuals were arrested on various charges including bank fraud, mail fraud, securities fraud, money laundering, interstate transportation of stolen property, conspiracy, and violation of the RICO statute. Investigation, including further review of bank records, into the laundering of drug money through the aforementioned businesses by these organized crime figures, is continuing.

Along with the growing Asian population in Southern California, the Los Angeles Police Department has witnessed an influx of Asian organized crime groups and related criminal activity. The Department has addressed that problem by assigning specific detectives to investigate the various Asian organized crime groups.

In May, 1987, the Department conducted an extortion, loansharking, and witness intimidation investigation involving individuals described as Vietnamese gangsters. The alleged leader of the group is closely associated with the Wah Ching Chinese organized crime group. The victims were primarily Vietnamese who were frequent gamblers in the Los Angeles area card clubs. The suspects would monitor the gambling activities at several of the clubs. When a "big winner" was identified, the suspects would confront that person and demand payment of up to $15,000 for protection from other gangsters. The investigation resulted in the arrest and prosecution of eight individuals for extortion, one individual for loansharking and one individual for intimidation of a witness. The Los Angeles Police Department was assisted during the investigation by the Los Angeles County Sheriff's Department and the Bell Gardens Police Department.

In response to your questions on interagency cooperation, the position of the Los Angeles Police Department is that it is in the best interest of all law enforcement to cooperate fully with municipal, state and federal agencies. In the past, several significant cases have been successful due to that type of cooperation. However, there is still substantial room for improvement between local and federal entities.

If we may be of any further assistance to your Subcommittee, please contact me or Lieutenant Dave Smith at Organized Crime Intelligence Division, (213) 485-5201.

Very truly yours,

Stuart J. Finck

STUART J. FINCK, Captain
Commanding Officer
Organized Crime Intelligence Division

# POLICE DEPARTMENT

KANSAS CITY, MISSOURI 64106

EXHIBIT NO. 52

LARRY J. JOINER
Chief of Police

RECEIVED BY
SENATE PERMANENT
SUBCOMM. ON INVESTIGATIONS
JAN 26 1988
MAJORITY OFFICE

January 20, 1988

Honorable Senator Sam Nunn
Senate Permanent Subcommittee
on Investigations
United States Senate
Washington D.C. 20510-6250

Dear Senator Nunn:

The Kansas City, Missouri Police Department is pleased to have the opportunity to respond to the United States Senate Permanent Subcommittee on investigations regarding organized crime investigations within our jurisdiction. Past testimony before your Subcommittee has related that the Kansas City La Cosa Nostra family has been involved in a multitude of illegal and often violent activities since the 1930's, including gambling, extortion, prostitution, bootlegging, labor racketeering, and murder. One of the most organized and tightly controlled LCN families in the United States, they extended their scope of influence nationally (primarily in Las Vegas) through their control of certain Teamsters Union officials and the illegal use of millions of dollars from the Teamsters Pension Fund.

An extremely close working relationship exists between the Kansas City Police Department and the Kansas City office of the F.B.I. Beginning in 1978, we assisted the F.B.I. in an organized crime investigation which became known as the "Strawman" case. This investigation exposed the local LCN structure, their inter-relationship with other LCN families, and the extensive involvement of organized crime in the Teamsters Union and in the Las Vegas casino industry. Between 1980 and 1986, Strawman resulted in the conviction of LCN leaders and henchmen from Chicago, Kansas City, Milwaukee, Las Vegas, and Cleveland. For the first time, the LCN mystique of invulnerability had been broken in Kansas City.

The results of the Strawman investigation were significant and far-reaching; however, our struggle continues. Although a temporary vacuum was created by the imprisonment of the LCN leaders, new leaders have emerged and are continuing the family's illegal activities. Within the past year there was an attempted bombing of a Teamsters Union official's car; an LCN associate disappeared and is believed to have been murdered by the mob over a gambling dispute; the mob has reestablished their control of the multi-million dollar bookmaking operation; and, evidence has surfaced indicating that the LCN may be moving into illegal drug trafficking. Although successes have been realized, the LCN problem is not resolved, the threat is still real. We must not relent in our fight against it.

Although your Subcommittee has primarily addressed the problem of La Cosa Nostra, I would like to briefly mention two additional organized crime groups that pose serious problems in Kansas City: Outlaw motorcycle gangs and Jamaican drug gangs. Both the El Forasteros and Galloping Gooses motorcycle gangs have chapters in Kansas City and have a combined strength estimated to be approximately forty sworn members and approximately one hundred associates. They are involved in the manufacture and trafficking of narcotics, and in escort services and other forms of prostitution. These violent gangs possess sophisticated weapons, are extremely mobile and well organized, and are very difficult to penetrate. The El Forasteros and Galloping Gooses share the same clubhouse in Kansas City, act as a single group, and are considered an enforcement arm of the Hells Angels. Current Justice Department guidelines do not allow the F.B.I. to open investigations on outlaw motorcycle gangs unless it involves one of the "Big Four" gangs (Bandidos, Hells Angels, Pagans, and Outlaws); they have made important cases against motorcycle gangs in other parts of the country, but their hands are tied in Kansas City and elsewhere. Sources have stated that the motorcycle gangs in Kansas City are, in practice, members of the Hells Angels, but do not officially change their name because it would open them up to federal scrutiny. The mobility of outlaw gangs make federal enforcement an essential element of the fight against these dangerous groups.

At least one additional organized crime group has been identified in Kansas City and involves Jamaican Nationals, who have established a broad network of groups called Posse's in the United States. These groups are made up of both legal and illegal aliens, whose criminal acts have been reported at all levels of jurisdictional boundaries. Jamaican organized crime groups are involved in the trafficking of narcotics, illegal acquisition, and trafficking of firearms, money laundering, fraud, kidnapping, robbery, and murder.

The Jamaican organized crime faction in Kansas City is operating a network that deals mainly in "crack" cocaine. They are also involved in all related activities that are associated with the narcotics industry. Because they are a close knit group with established relationships and associations, it is difficult to be effective using traditional investigative techniques.

For the past year and a half, the Kansas City Police Department has conducted a cooperative Jamaican narcotics investigation with ATF, DEA, IRS, Customs, INS, and the federal Organized Crime Drug Enforcement Task Force (OCDETF). A good example of inter-agency cooperation, this investigation has seriously impacted the Jamaican narcotics organization in Kansas City and has resulted in the conviction of over 100 Jamaican Nationals. Inter-agency communication was responsible for the success of this investigation; unfortunately, communication on these emerging groups does not exist on a national level and it appears that OCDETF funding is being reduced.

I hope this information will benefit your Subcommittee, and I applaud its continuing role in focusing the nations attention on organized crime.

Sincerely,

Larry Joiner

Larry J. Joiner
Chief of Police

LJJ/pdw

EXHIBIT NO. 53

J. Robert Hamrick
Director
P.O. Box 370808
Decatur, Georgia 30037-0808

# GEORGIA BUREAU OF INVESTIGATION

Dr. Larry Howard
Division Director
Division of Forensic Sciences
P.O. Box 370808
Decatur, Georgia 30037-0808

Paul L. Carter
Division Director
Investigative Division
P.O. Box 370808
Decatur, Georgia 30037-0808

T.J. McGreevy
Division Director
Georgia Crime Information Center
P.O. Box 370748
Decatur, Georgia 30037-0748

January 14, 1988

RECEIVED BY
SENATE PERMANENT
SUBCOMM ON INVESTIGATIONS
JAN 22 1988
MAJORITY OFFICE

Senator Sam Nunn
United States Senate
Committee on Governmental Affairs
Senate Permanent Subcommittee
on Investigations
Washington, DC 20510-6250

Dear Senator Nunn:

Thank you for your letter of December 17, 1987, requesting information on organized crime activity in Georgia. The LaCosa Nostra and its associates are involved in many aspects of illegal activity throughout the State. There are, however, new and emerging groups which also pose a serious threat. Many of these groups have combined with the traditional LCN or have branched out on their own and established new territories. There has been a shift, particularly in the area of narcotics distribution, to the Colombian and Cuban families. We also find other groups, such as the Nigerians, that are heavily involved in credit card and insurance fraud.

Georgia, in particular Atlanta, is considered open territory for organized crime. There is no known family control within the State. Representatives from various families do have business interests, both legal and illegal, in Georgia. The Genovese, Gambino and DeCavacanti families have documented ties in the State. The pornography business, once centered in Atlanta, is still active but on a much smaller scale. There are still splinters of the old Thevis organization operating in Atlanta.

Last year the combined efforts of Federal, State and local law enforcement agencies successfully investigated and prosecuted Carl Coppola in a RICO case. This case culminated a two year investigative effort which produced a record seizure of assets. Carl Coppola and his cohorts are suspected of being associates of the Gambino family.

During the past five or six years, reports have been received indicating that organized crime has continued to invest money in restaurants, nightclubs and other entertainment related businesses. Atlanta has also been suspected of being a center for the laundering of illegal funds derived from narcotics distribution.

The Georgia Bureau of Investigation strongly supports the Subcommittee's efforts in bringing attention to the problem of organized crime. If I can provide any further information to assist the Subcommittee, please contact me. I would like to commend you and the Subcommittee for recognizing the problem and hope your efforts will be successful in focusing public attention on the activities of organized crime and the menace it represents to our great nation.

Respectfully,

J. R. Hamrick, Director
Georgia Bureau of Investigation

JRH/tlf

EXHIBIT NO. 54

*Department of Police*
*Detroit, Michigan 48226*

*Coleman A. Young, Mayor*
*City of Detroit*

January 21, 1988

RECEIVED BY
SENATE PERMANENT
SUBCOMM. ON INVESTIGATIONS
JAN 27 1988
MAJORITY OFFICE

Senator Sam Nunn
Chairman, Senate Permanent
Subcommittee on Investigations
Washington, DC 20510-6250

Dear Senator Nunn:

I have received your letter requesting information relating to organized crime in the Detroit area, specifically La Cosa Nostra activities.

During the years of 1982 through 1987, the Detroit Police Organized Crime Unit was involved in several investigations which resulted in 88 arrests relating to organized crime activities. The crimes included Armed Robbery, Stolen Automobiles/Parts, Fencing and Gambling. Inclusive among those arrested were some members known to be a part of the La Cosa Nostra.

Additionally, during the years in question, the Detroit Police Organized Crime Unit was involved in several criminal investigations coordinated with the Federal Bureau of Investigation, the U.S. Secret Service, the U.S. Department of Agriculture and the Michigan State Police.

It is hoped that the above will be of some benefit to your investigation. Should you desire more information, please contact my office.

Sincerely,

WILLIAM L. HART
Chief of Police

WLH/pm

EXHIBIT NO. 55

POLICE DEPARTMENT ··· CITY OF BALTIMORE

601 E. FAYETTE STREET BALTIMORE, MARYLAND 21202

396 - 2525 Area Code 301

EDWARD J. TILGHMAN
Commissioner

EDWARD V. WOODS
Administrative Bureau

HARWOOD W. BURRITT
Information Management Bureau

RONALD J. MULLEN
Operations Bureau

MICHAEL C. ZOTOS
Services Bureau

Deputy Commissioners

January 22, 1988

The Honorable Sam Nunn
Senator
United States Senate
Committee on Governmental Affairs
Senate Permanent Subcommittee on
Investigations
Washington, DC 20510-6250

RECEIVED BY
SENATE PERMANENT
SUBCOMM. ON INVESTIGATIONS
JAN 27 1988
MAJORITY OFFICE

Dear Senator Nunn:

In answer to your letter of December 17, 1987, enclosed are statements by Police Agent Charles W. Hedrick of our Criminal Intelligence Section and Captain Michael J. Fannon of our Drug Enforcement Section.

Police Agent Hedrick's statement concerns a recently concluded racketeering investigation that has aspects which may be of interest to your committee. Captain Fannon's remarks summarize results of our participation in Drug Enforcement Task Force efforts. Both officers would be available for additional comments if necessary.

Please let us know if we can be of any further assistance. Inquiries on this matter may be directed to Major Elbert F. Shirey, Director, Inspectional Services Division, (301) 396-2566.

Sincerely,

Edward J. Tilghman
Commissioner

Enclosures

Statement of Police Agent Charles W. Hedrick
Baltimore Police Department
Criminal Intelligence Section

The author has been a member of the Baltimore Police Department for 18 years. Since 1983, I have been assigned to the Inspectional Services Division, Criminal Intelligence Section, with the responsibility to identify organized criminal activities that impact on the City of Baltimore. Since December 1984, I have been on special assignment working with the Baltimore Division of the Federal Bureau of Investigation (FBI) on matters which relate to my responsibilities. Much of this time was dedicated to the investigation which is the subject of this statement.

During late 1986 through mid-1987, a two year racketeering investigation conducted jointly by the Baltimore Police Department, Federal Bureau of Investigation, Internal Revenue Service (IRS), Maryland State Prosecutors Office, and the United States Attorneys Office for the District of Maryland culminated in the highly successful prosecution of former Baltimore State Delegate George J. Santoni and eleven other individuals. Santoni and others were indicted in Maryland on charges of narcotics trafficking of both cocaine and heroin, along with a money laundering scheme operated in Maryland and Massachusetts involving the proceeds of prostitution operations in Las Vegas, Nevada. In a parallel investigation conducted jointly by the FBI, Union County (NJ) Prosecutors Office, and the United States Attorneys Office

for the District of New Jersey, Santoni and twenty other individuals were indicted for numerous criminal offenses including narcotics trafficking, conspiracy, extortion, gambling, and wire fraud.

The joint investigation was initiated after the agencies involved determined during round-table discussions that their separate investigations had focused independently on Santoni and a number of the more significant subjects.

In the Maryland case, Santoni (who served four years in prison for extortion and conspiracy convictions in 1977 and 1978) pleaded guilty and was sentenced to eight years in prison for his participation in the interstate narcotics distribution conspiracy. Santoni also pleaded guilty in New Jersey to a racketeering count in which he admitted being a member of a criminal organization headed by Gaetano Dominic Vastola. The New Jersey State Police have characterized Vastola as a member of the De Cavalcante La Cosa Nostra family. Santoni faces a January 29, 1988 sentencing date in Newark, New Jersey, on the racketeering conviction.

Palmer "Sonny" Brocco of Howell, New Jersey, and Nicholas Massaro of Long Branch, New Jersey, were convicted and sentenced to eight years for their participation in the Maryland Interstate narcotics conspiracy. The conspiracy involved Santoni brokering cocaine deals between Herbert De Jesus Britton, a naturalized American citizen born in Colombia, SA., and Brocco and Massaro. Both Brocco and Massaro are charged in the New Jersey indictment as being members of Vastola's criminal organization.

Santoni's wife, Bernice C. Santoni, and three other individuals from Nevada and Massachusetts (Edward Walkup, Margaret Melvin and Arthur Strahl) were convicted of mail fraud violations in connection with laundering Las Vegas prostitution credit-card receipts through Santoni's travel and tour-booking agency, Atlantic City Tours. Another travel firm in West Yarmouth, Massachusetts, Travel Brokers of America, was also involved in the laundering scheme.

I would like to take this opportunity to point out the excellent cooperation that was manifest among the various agencies, investigators, and prosecutors involved in the investigation. Everyone involved gave a superior effort; particularly FBI Case Agent (SA) Gregory Stevens. Also noteworthy was the Middle Atlantic Great Lakes Organized Crime Law Enforcement Network (MAGLOCLEN) who provided important assistance to me in the form of technical equipment loans and reimbursement for investigative travel expenses.

From a local law enforcement standpoint, it is my opinion that cases of this complexity and significance could not be carried out as effectively without inter-agency cooperation and sharing of resources. Strategies for future investigations involving criminal organizations and major conspiracies would be greatly enhanced by utilization of the task force concept.

Statement of Captain Michael J. Fannon
Baltimore Police Department
Drug Enforcement Section

Our assistance with DEA actually has two phases as follows. By written (untitled) agreement, the Baltimore Police Department has participated in the DEA Task Force since 1978. Personnel assigned to this Task Force, known as the Baltimore District Office Group I Task Force, consist of one Detective Sergeant and two Detective Police Officers selected from the Criminal Investigation Division's Drug Enforcement Section. Under terms of the agreement, they are designated Special Deputy U.S. Marshals and serve for a period of not less than two years. They are under direct supervision of a DEA Group Supervisor and are obliged to adhere to DEA Rules/Regulations, as well as those of this agency. The DEA provides necessary funds and equipment to support the various activities of those assigned such as office space, overtime, vehicles, travel expenses, etc. Their investigative efforts are as directed by the DEA, as well as providing assistance as needed to DES in a large percentage of our cases.

The second facet of our concerted effort is through involvement in the Mid-Atlantic Region Organized Crime Drug Enforcement Task Force cases (OCDETF). For example, if personnel assigned to CID/DES are conducting an investigation into a major drug organization, it is possible, through formal application to the DEA/U.S. Attorney's Office, to have the case designated an OCDETF

case if it meets certain criteria. Once designated as such, DES personnel involved in the investigation are deputized as Special Deputy U.S. Marshals for the duration of that specific case, and certain assistance such as overtime funding, vehicles, and additional personnel are provided. During this type of investigation, DES personnel may or may not work in concert with the Group I Task Force.

One such case, #GC-87-X012, involved a Class I heroin trafficker who was obtaining his supply from a member of the Gambino Crime Family in New York, who was also arrested by New York agents of DEA. There were other investigations such as a methamphetamine case that led us to locations in Pennsylvania and Florida that we believed were connected with organized crime, however, specifics are not readily available.

Statistics on arrests/convictions since 1982 are also not available. However since July 1984, we have brought to a successful conclusion investigations of 28 major drug trafficking organizations as a direct result of Group I and/or OCDETF participation.

Since the inception of the Federal Asset Sharing Program in the latter part of 1984, participation in these types of investigations has resulted in the following items being submitted through the forfeiture/asset sharing process by this agency as of 17 December 1987:

U.S. Currency $1,459.551
Vehicles valued at $772,486
Personal Property valued at $337,425
Real Property valued at $520,000